FIRST REPORT

PUBLIC ACCOUNTS COMMITTEE (1980-81)

(SEVENTH LOK SABHA)

EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (1977-78)

AND

ACTION TAKEN ON 87TH AND 104TH REPORTS ON EXCESS EXPENDITURE (1976-77) (6th LOK SABHA)

Presented in Lok Sabha on
Laid in Rajya Sabha on

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MITTEE (SEVENTH LOK SABHA) PRESENTED TO LOK SABHA
15 DECEMBER, 1980.

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	26	concerned	concern
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39	15	paragraph)	paragraph
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* Not printed. (One cyclostyled copy laid on the Table of the House and five copies placed in Parliament Library).

LIST OF MEMBERS OF PUBLIC ACCOUNTS COMMITTEE
(1980-81)

Shri Chandrajit Yadav—CHAIRMAN

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Lok Sabha

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(5) Shri K. P. Singh Deo
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(19) Smt. Maimoona Sultan
(20) Shri Patitpaban Pradhan
(21) Prof. Rasheeduddin Khan
(22) Shri Indradeep Sinha.

SECRETARIAT

(1) Shri H. G. Paranjpe—*Joint Secretary.*
(2) Shri D. C. Pande— *Chief Financial Committee Officer.*
(3) Shri T. R. Ghai—*Senior Financial Committee Officer.*

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this First Report on Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), (Railways), (Defence Services) and (Posts and Telegraphs) for the year 1977-78 and on the action taken by Government on the recommendations of the Public Accounts Committee contained in their 87th and 104th Reports (Sixth Lok Sabha) on Excesses over Voted Grants and Charged Appropriations for the year 1976-77.

2. The Appropriation Accounts (Civil) and (Railways) for the year 1977-78 were laid on the Table of the House on 9 May, 1979 and 9 July, 1979 respectively, whereas the Appropriation Accounts relating to Defence Services and Posts and Telegraphs were laid on the Table of the Hosue on 18 May, 1979.

3. During the year 1977-78, expenditure in excess of the funds authorised by Parliament occurred under 15 Voted Grants and 2 Charged Appropriations which aggregated to Rs. 82.42 crores. The excess occurred mainly in the Grants and Appropriations operated by the Ministry of Railways (Railway Board) (Rs. 41.36 crores), Ministry of Commerce (Rs. 32.85 crores), Ministry of Works and Housing (Rs. 4.49 crores), Ministry of External Affairs (Rs. 1.82 crores) and Ministry of Defence (Rs. 1.64 crores).

4. The Committee examined the Excesses in the light of the Explanatory Notes furnished by the Ministries and Departments concerned (Appendices I to XII) at their sittings held on the 8 and 9 September, 1980. The Minutes of the sitting form Part II* of the Report.

5. The Committee's 87th and 104th Reports (Sixth Lok Sabha) on Excess over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts for the year 1976-77 were presented to the House on 30 August, 1978 and 20 December, 1978 respectively. The Action Taken Notes furnished by Government pursuant to the recommendations contained in the 87th and 104th Reports were

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*Not printed. (One cyclostyled copy laid on the Table of the House and five copies placed in Parliament Library).

considered by the Committee at their sittings held on 8 and 9 September, 1980 and have been discussed in Chapters III and IV of this Report.

6. For facility of reference, the conclusions and recommendations of the Committee have been printed in thick type in the body of the Report. For the sake of convenience, the conclusions and recommendations have also been reproduced in a consolidated form in Appendix XV to the Report.

7. The Committee would like to place on record their appreciation of the assistance rendered to them in this regard by the Comptroller and Auditor General of India.

NEW DELHI;
October 17, 1980
Asvina 25, 1902 (*S*)

CHANDRAJIT YADAV,
Chairman,
Public Accounts Committee.

CHAPTER I

GENERAL OBSERVATIONS

1.1. This First Report of the Committee deals with Excess Expenditure over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), (Defence Services), (Posts and Telegraphs) and (Railways) for the year 1977-78. The Report also deals with the Action Taken by Government pursuant to the Committee's recommendations or observations contained in their 87th Report (Sixth Lok Sabha) on Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Railways), (Posts and Telegraphs) and (Defence Services) for the year 1976-77 and 104th Report (Sixth Lok Sabha) on Excess expenditure over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil) for the year 1976-77.

1.2. The Appropriation Accounts (Civil) and (Railways) for the year 1977-78 were laid on the Table of the House on 9 May, 1979 and 9 July, 1979 respectively, while the Appropriation Accounts relating to Defence and Posts and Telegraphs were laid on the Table of the House on 18 May, 1979.

1.3. In the succeeding paragraphs of this Report, the Committee have examined the excess expenditure disclosed in the different Appropriation Accounts in the light of explanations furnished by the Ministries and/or Departments concerned. The explanatory notes furnished in this regard by the Ministries or Departments are reproduced in Appendices I to XII of this Report.

1.4. Expressing concerned over the delay in compilation and presentation of the Appropriation Accounts (Civil) for the year 1976-77, the Committee had, in paragraph 1.5 of their 104th Report (Sixth Lok Sabha) observed:

> "The Committee have earlier indicated in paragraph 1.2 of the Report that while the Appropriation Accounts (Railways), (Posts and Telegraphs) and (Defence Services) for the same year were laid on the Table of the House on 4th April, 1978, the Appropriation Accounts (Civil) for the year 1976-77 were laid on the Table of the House on 24th August, 1978. The Committee find that since the Comptroller and Auditor General of India was not relieved of the responsibility for the preparation of the Finance Accounts for the year 1976-77 and the Appropriation Accounts were to be prepared by the respective Ministries/Departments etc., the process of consolidation and

subsequent reconciliation of the Appropriation Accounts with the Finance Accounts for the year 1976-77, maintained and complied respectively by two different authorities, became comparatively more complex and, coupled with delays in reconciliation of departmental figures with accounts figures, tended to take more time. The Committee have, however, been assured by the Ministry of Finance (Department of Expenditure) that earnest endeavour would be made towards finalisation of the Appropriation Accounts (Civil) for 1977-78 in time so as to lay them on the Table of the House during April, 1979. The Committee trust that the Appropriation Accounts (Civil) will hereafter be laid on the Table of the House in the Budget Session of Parliament."

1.5. In their reply dated the 12th March, 1979 the Ministry of Finance, (Department of Expenditure) have stated as follows:

"The observation of the Committee that they trust that the Appropriation Accounts (Civil) will hereafter be laid on the Table of the House in the Budget Session of Parliament, is noted for compliance."

1.6. In their 104th Report (Sixth Lok Sabha), the Committee (1978-79) had taken note of the fact that while the Appropriation Accounts (Railways), (Posts and Telegraphs) and (Defence Services) for the year 1976-77 were laid on the Table of the House on 4th April, 1978, the Appropriation Accounts (Civil) for the same year were laid on the Table of the House on 24th August, 1978. However, the Committee (1978-79) had been assured by the Ministry of Finance (Department of Expenditure) that earnest endeavour would be made towards finalisation of the Appropriation Accounts (Civil) for 1977-78 in time so as to lay them on the Table of the House during April, 1979. The Committee find that while the Appropriation Accounts (Civil) for the year 1977-78 were laid on the Table of the House on 9th May, 1979 and those relating to Defence Services and Posts and Telegraphs on 18th May, 1979, the Appropriation Accounts (Railways), were laid on the Table on 9th July, 1979. The Committee trust that the Appropriation Accounts will hereafter be laid on the Table of the House in the Budget Session of Parliament. In particular, they would like the Ministry of Railways to ensure timely presentation of the Appropriation Accounts in future.

CHAPTER II

EXCESS GRANTS/APPROPRIATIONS

2.1. During the year ended 31st March, 1978, excess expenditure occurred under the following 17 Voted Grants and Charged Appropriations:

	Sl. No. and Name of Grant/Appropriations	Ministry/Department.	Excess Expenditure. (Rupees in lakhs)
Civil	9—Payments to Indian Council of Agricultural Research	Agriculture & Irrigation (Agriculture)	9.43
	16—Foreign Trade and Export Production	Commerce, Civil-Supplies and Cooperation (Commerce) .	3285.88
	28—Department of Education	Education & Social Welfare (Education)	1.43
	34—Ministry of External Affairs	External Affairs	181.60
	45—Union Excise Duties	Finance (Revenue) . .	0.43
	48—Ministry of Health & family Welfare	Health and family Welfare (Health) .	2.62
	54—Police	Home Affairs .	6.92
	78—Survey of India	Science and Technology .	5.10
	95—Public Works	Works and Housing .	449.10
Defence Services	23 —Defence Services-Army	Defence .	1.87
	26—Defence Services	Defence .	162.46
Railways	16—Pensionary Charges Pension Fund.	Railways .	430.00
	17—Repayment of loans from General Revenue and interest thereon-Development Fund. . .	Railways	0.007

	Sl. No. and Name of Grants/Appropriations.	Ministries/Department	Excess Expenditure. (Rupees in lakhs)
Railways	18 Revenue Appropriation to Development Fund.	Railways . . .	42.26
	19—Revenue Appropriation to Revenue Reserve Fund	Railways . .	3648.97
	20—Payment towards Amortisation of over Capitalisation—Repayment of loans, from General Reserve and interest thereon Revenue Reserve Fund.	Railways . .	0.001
	21—Appropriation to Accident, Compensation, Safety and Passenger Amenities Fund. . .		14.51
	Total		8241.79

Details of the Voted Grants/Charged Appropriations under which the actual expenditure exceeded the budgetary provisions are given over-leaf.

Sl. No.	No. and Name of Grant	Ministry or Department	Final Grant	Actual Expenditure	Excess Expenditure	Date of receipt of Explanatory Note
1	2	3	4	5	6	7
	I. APPROPRIATION ACCOUNTS (CIVIL). 1977-78					
	A. VOTED GRANTS					
	(*a*) *Revenue section*					
1.	9—Payments to Indian Council of Agricultural Research	Agriculture & Irrigation (Agriculture)	58,56,09,000	58,65,51,850	9,42,850	25-5-79
2.	28—Department of Education	Education & Social Welfare (Education)	1,57,59,000	1,59,02,073	1,43,073	25-5-79
3.	34—Ministry of External Affairs	External Affairs	103,23,37,000	105,04,97,333	1,81,60,333	29-5-79
4.	48—Ministry of Health and Family Welfare	Health & Family Welfare (Health)	84,51,000	87,13,458	2,62,458	30-5-79
5.	78 Survey of India	Science & Technology	18,68,00,000	18,73,10,080	5,10,080	31-5-79
6.	95—Public Works	Works and Housing	69,85,08,000	74,34,17,536	4,49,09,536	29-5-79
	(*b*) *Capital Section*					
7.	16—Foreign Trade and Export Production	Commerce, Civil Supplies and Cooperation (Commerce)	549,65,58,000	582,50,65,635	32,85,07,635	29-5-79
8.	54—Police	Home Affairs	6,50,00,000	6,55,69,636	6,91,636	29-5-79

1	2	3	4	5	6	7
		B. CHARGED APPROPRIATIONS				
	(a) *Revenue Section*					
9.	45—Union Excise Duties	Finance (Revenue)	88,000	1,31,235	43,235	29-5-79
		II. APPROPRIATION ACCOUNTS (DEFENCE SERVICES), 1977-78				
		A. VOTED GRANTS				
10.	26—Defence Services	Defence	136,44,52,000	138,06,98,413	1,62,46,413	25-5-79
		B. CHARGED APPROPRIATIONS				
11.	23—Defence Services—Army	Defence	14,00,000	15,86,990	1,86,990	25-5-79
		III. APPROPRIATION ACCOUNTS (POSTS & TELEGRAPHS), 1977-78				
		NIL				
		IV. APPROPRIATION ACCOUNTS (RAILWAYS), 1977-78				
		A. VOTED GRANTS				
12.	16—Pensionary charges Pension Fund.	Railways	46,33,14,000	50,63,14,263	4,30,00,263	9-8-79
13.	17—Repayment of loans from General Revenue and interest thereon—Development Fund	Railways	8,38,96,000	8,38,96,677	677	
14.	18—Revenue Appropriation to Development Fund	Railways	34,18,38,000	34,60,64,070	42,26,070	9-8-79
15.	19—Revenue Appropriation to Revenue Reserve Fund	Railways	55,13,37,000	91,62,34,048	36,48,97,048	9-8-79
16.	20—Payment towards Amortisation of over-capitalisation—Repayment of loans, from General Revenue and interest thereon—Revenue Reserve Fund.	Railways	180,55,28,000	180,55,28,059		9-8-79
17.	21—Appropriation to Accident, Compensation, Safety and Passenger Amenities Fund.	Railways	9,86,11,000	10,00,61,747	14,50,747	9-8-79

2.2. The following table indicates the aggregate excess expenditure under various Grants and Charged Appropriations [(Civil), (Railways), (P&T) and (Defence Services)] during the past decade:

(Rs. in crores)

Year	No. of Voted Grants	No. of Charged Appropriations	Total	Excess Expenditure
1968-69	25	4	29	3·78
1969-70	18	5	23	17·10
1970-71	29	8	37	55·76
1971-72	29	7	36	223·81
1972-73	28	7	35	126·33
1973-74	23	4	27	10·06
1974-75	27	8	35	266·52
1975-76	45	7	52	201·47
1976-77	17	10	27	111.18
1977-78	15	2	17	82·42

2.3. The aggregate amount of excess expenditure over Voted Grants and Charged Appropriations during the past decade ranged between Rs. 3.78 crores in 1968-69 to Rs. 266.52 crores in 1974-75. The Committee had, in para 2.4 of their 104th Report (1978-79) expressed satisfaction over the noticeable reduction in the aggregate amount of expenditure incurred in excess of the allocations authorised by Parliament as disclosed in the Appropriation Accounts (Civil), achieved during the year 1976-77 and had expressed the hope that sustained endeavour would be made by the Ministries and Departments to ensure that the position would not be allowed to deteriorate. During the year under review i.e. 1977-78 excess expenditure had occurred under 15 Voted Grants and 2 Charged Appropriations and aggregated to Rs. 82.42 crores. While the Committee feel satisfied about the reduction in the total amount of excess expenditure as compared to last year, they are concerned to note that bulk of the excess expenditure relating to Appropriation Accounts (Civil) viz., Rs. 32.85 crores had occurred under one Voted Grant viz., Foreign Trade and Export Production, and is attributable to drawal of technical credits having been resorted to by some foreign countries (an issue dealt with elsewhere in this

Report). They are equally concerned over the extent of variation under some of the other Grants administered by the Ministry of Railways during the year 1977-78, such as Grant No. 19—Revenue Appropriation to Revenue Reserve Fund, excess whereunder arising out of increased revenue surpluses aggregated to Rs. 36.49 crores representing 66.18 per cent of the final Grant. The Committee would like the Ministries concerned to take appropriate and timely remedial measures to curb the recurring tendency of excess expenditure.

2.4. The Committee note with satisfaction that the Grants and Appropriations operated by the Posts and Telegraphs Department have not witnessed any excess expenditure during the year 1977-78.

2.5. The Committee observe that consequent on departmentalisation of accounts, certain changes were necessitated in the procedure prescribed in paragraphs 65—67 of the General Financial Rules on reconciliation of departmental figures with those booked in the accounts offices. Consequently, revised instructions were issued by the Controller General of Accounts, Ministry of Finance (Department of Expenditure) to all the Ministries and Departments for the reconciliation of expenditure as per the books of the departmental offices with those compiled by the Departmental Pay and Accounts Officers vide Circular No. S.11012/Misc/78/880 dated 4th May, 1978. Under the provisions contained in these instructions, the Heads of the Departments are required to certify the correctness of the figures booked in accounts by the Principal Accounts Officers every quarter. With the issue of these instructions, the Ministry of Finance expects that the monthly reconciliation of expenditure between Accounts and Departmental figures would be effective. This, coupled with the departmentalisation of Union Government (Civil) Accounts, according to the Ministry, would result in better control over expenditure vis-a-vis the budgetary provision.

2.6. The Committee would like to watch improvements effected by timely reconciliation of expenditure between Accounts and Departmental figures through future Appropriation Accounts.

2.7. According to the revised time schedule agreed to by the Committee in April 1974 explanatory notes on Excesses Over Voted Grants and Charged Appropriations are required to be submitted to the Committee by 31 May or immediately after the presentation of the Appropriation Accounts to Parliament, whichever is later. It is observed that while the explanatory notes relating to 9 Voted Grants and 2 Charged Appropriations operated by various Ministries, (other than the Ministry of Railways) were received within the period prescribed in the revised time schedule i.e. by 31st May,

1979, the Explanatory notes relating to 6 Voted Grants administered by the Ministry of Railways were received on 9th August, 1979. The Committee trust that every endeavour would be made by all concerned to ensure scrupulous adherence to the schedule prescribed in this regard.

2.8. The Committee will now proceed to deal with some individual cases of excess expenditure disclosed in the Appropriation Accounts.

APPROPRIATION ACCOUNTS (CIVIL)
1977-78

Ministry of Agriculture and Irrigation (Department of Agriculture)

2.9. *Grant No. 9—Payments to Indian Council of Agricultural Research.*

Revenue Section

Voted Expenditure	Rupees
Original Grant .	56,89,25,000
Supplementary Grant	1,66,84,000
Final Grant	58,56,09,000
Actual Expenditure	58,65,51,850
Excess	9,42,850

2.10. Explaining in a note, the reasons for the excess expenditure, the Department of Agriculture have stated as follows:

> "The excess of Rs. 9,42,850 occurred under the Sub-head "A-1(3)-Administration under Major Head "305" on account of over-payment of grants to the Indian Council of Agricultural Research, an autonomous organisation under the Department of Agricultural Research and Education. The over-payment occurred as the annual membership fee payable by the Indian Council of Agricultural Research to the Commonwealth Agricultural Bureau during 1977-78, was authorised by the Department of Agricultural Research and Education through the Indian High Commission in U.K. on 7-10-1977. While releasing the final instalments of the Grant for the year 1977-78 to

Indian Council of Agricultural Research on 29-3-1978, the authorisation of Rs. 9,42,850 already made by the Department of Agricultural Research and Education to Indian High Commission in U.K. for payment of contribution of I.C.A.R. to the Commonwealth Agricultural Bureau, was not adjusted inadvertently. An amount of Rs. 9,42,850 on the basis of the actual debit received on this account from High Commission in U.K. was adjusted by the Pay and Accounts Officer, Ministry of Agriculture and Irrigation in the accounts for March, 1978 (Supplementary Accounts). This resulted in an exccess expenditure of Rs. 9,42,850.

This amount paid in excess to the Indian Council of Agricultural Research during 1977-78 has since been recovered from the Indian Council of Agricultural Research by short payment of the grant payable to it in the year 1978-79. Steps have also been taken to avoid recurrence of such cases.

In view of the circumstances explained above, the excess of Rs. 9,42,850 may kindly be recommended for regularisation by the Parliament in accordance with article 115(1) (b) of the Constitution."

2.11. The Committee note that an excess of Rs. 9.43 lakhs occurred under the Sub-head "A-1(3)-Administration" under Major Head "305" of Grant No. 9—Payments to Indian Council of Agricultural Research on account of over-payment of grants to this autonomous organisation. It is stated that while releasing the final instalment of the Grant for the year 1977-78 to Indian Council of Agricultural Research on 29-3-1978, the authorisation of Rs. 9,42,850 already made by the Department of Agricultural Research and Education on 7-10-1977 through the Indian High Commission in U.K. for payment of contribution of I.C.A.R. to the Commonwealth Agricultural Bureau was inadvertently left out and not adjusted. This amount paid in excess to the I.C.A.R. has since been recovered from the I.C.A.R. by short payment of the grant payable to it in the year 1978-79.

The Committee are of the view that double adjustment of expenditure is a serious error in the proper upkeep and maintenance of books of accounts and could have been detected if adequate attention had been paid to prompt reconciliation of accounts. They would like to be informed as to who is responsible for this mistake and why it could not be detected at any of the supervisory levels. The specific steps taken to avoid recurrence of such errors may also be indicated.

Ministry of Commerce, Civil Supplies and Cooperation (Department of Commerce)

2.12. *Grant No. 16—Foreign Trade and Export Production. (Capital Section)*

Voted Expenditure	Rupees
Original Grant . .	283,42,31,000
Supplementary Grant	266,23,27,000
Final Grant	549,65,58,000
Actual Expenditure	582,50,65,635
Excess	32,85,07,635

2.13. In a note, explaining the reasons for the excess expenditure, the Department of Commerce have, *inter alia* stated:

"The excess, which was the net result of excesses and savings under various heads in the Capital Section of the Grant, is mainly attributable to the gross excess of Rs. 9661.23 lakhs under head "MM-Advances to Foreign Governments—MM 5-Loans to Government of USSR—MM5(1) Technical Credits incorporated in Trade Agreements.

The provision of Rs. 100,00.00 lakhs made on this account in the original Budget, was augmented to Rs. 303,18.77 lakhs by obtaining supplementary Grants of Rs. 8050.00 lakhs in December 1977 and Rs. 12268.77 lakhs in March 1978. The actual expenditure, however, amounted to Rs. 39980.00 lakhs resulting in an excess expenditure of Rs. 9661.23 lakhs. At the Revised Estimates stage when the Grant was reviewed, it was expected that a part of the additional requirements on this account would be met from the savings within the Grant. This anticipation, however, did not materialise fully as drawals by USSR, on which there is no ceiling, continued to be heavy during February and March 1978. Drawals of technical credits by USSR during the last four weeks alone (4th March to 31st March 1978) amounted to Rs. 31.20 crores. As the last batch of Supplementary Demands for Grants for 1977-78 had been presented on 3rd March, 1978, additional funds could not be provided to accommodate the excess drawals. Taking into account the savings available under

the other heads in the Capital Section of the Grant, the net excess was Rs. 32,85,07,635 which requires to be regularised.

The Trade between India and most East European Countries including the USSR, is carried on under the Trade and Payments Agreements with the respective countries, which stipulate that all payment of commercial and non-commercial nature between India and these countries are to be effected in Indian rupees. Thus, the imports by these countries from India are made in Indian rupees out of rupee payments generated by the exports made by the countries to India. Since some Indian imports are effected on deterred payment basis or under long term credit arrangement, sufficient rupee funds are not always generated immediately. Moreover, from time to time these countries run into adverse balance of trade against India either due to seasonal character of the trade or for other reasons. Whenever these countries are thus faced with temporary shortage of rupee funds, for paying for their imports from India, the Trade and Payment Agreements provide for drawals of technical credits by these countries. While the agreements provide for some ceilings in respect of most of the countries, no ceiling exists in respect of USSR. The finaning and banking arrangements are such that whenever the Reserve Bank of India finds that there are no balances in the rupee accounts maintained by foreign Governments with it, the payments made on behalf of the foreign Governments by the Indian banks to the Indian exporters are automatically debited to Government account under the head "765—Advances to Foreign Governments" without waiting for any release of funds from the Government. It will thus be appreciated that unlike the expenditure under other heads, which are controlled by regulating the release of funds, with reference to the Budget grant, the debits under the head "765—Advances to Foreign Governments—Technical Credits" are automatic and it is extremely difficult to bring these within the control of the Department to avoid excesses. Further, because of the various imponderables involved, the number of occasions on which the foreign countries would have to resort to drawals of technical credits cannot also be foreseen.

In view of the circumstances explained, it is requested that the excess of Rs. 32,85,07,635 may kindly be recommended for regularisation in accordance with article 115(1) (b) of the Constitution."

2.14. In another note* furnished at the instance of the Committee on 1 September, 1980, the Ministry of Commerce have stated:

"The drawals of technical credits by the USSR and other East European countries with whom India has Rupee trade are regulated under the Trade and Payments Agreements concluded with the respective countries. These agreements stipulate that all payments between India and those countries are to be made in Indian Rupees. The Central Bank of each of these countries keeps an account with the Reserve Bank of India in which Rupee funds are generated through payments for imports made by India from these countries and from the funds so generated exports from India are paid for by them. Since some Indian imports are effected on deferred payment basis or under long term credit arrangements sufficient Rupee funds are always not generated immediately. Moreover, from time to time these countries run into adverse balance or trade with India either due to seasonal character of trade or other reasons. Whenever these countries are thus faced with a temporary shortage of Rupee funds for making payments for their imports from India, the Trade and Payment Agreements provide for drawal of technical credits by these countries. These technical credits are paid by the Reserve Bank of India at Bombay by crediting the account of the Central Bank of the concerned country by debit to the Government account against the Major Head "765—Advances to foreign governments". These advances are recouped as soon as funds are generated in the concerned Central Bank's account through payment for goods purchased by India.

The Trade and Payments Agreements with all East European countries provide a ceiling upto which the credits can be advanced. In the case of USSR, however, there is no such ceiling. Whenever a Trade and Payments Agreement is signed between India and the country concerned, a copy of the Agreement along with the Confidential letters exchanged between the two governments are forwarded to the Reserve Bank of India intimating the Bank of the ceiling, if any, for the Technical Credit. A formal sanction for drawals under the Agreement is also simultaneously issued. The limit mentioned in the sanction is in respect of the net amount outstanding at any given time. This sanction constitutes the authority for the Reserve Bank of India to debit the government account as

*Not vetted in Audit.

and when and to the extent required by the concerned government. It may be mentioned that apart from this, no separate sanctions are issued for regulating the drawals on each and every occasion. This procedure has been in vogue eversince the introduction of the system of technical credits under Trade Payments Agreements.

The budget estimates for of technical credits under the Major head "765—Advances to Foreign Governments" are prepared in consultation with the Department of Economic Affairs taking into account factors like the ceiling for the particular country, past pattern of drawals and repayments and expected volume and flow of trade between India and the particular country. By their very nature these factors do not admit of a precise estimation of the likely drawal of technical credits as it is extremely difficult to anticipate to what extent the balance of trade will be in our favour or in favour of the other party. It may also be noted that the provision is made on the basis of gross budgeting and represent drawals anticipated to be made from time to time without offsetting for repayments which are taken credit for as receipts. Even though the net outstanding at any given time will be within the ceiling, the gross drawals of technical credits (without taking into account repayments), depending upon the number of occasions during, a year in which the country resorts to drawals, might exceed the ceiling limits. It is not possible to forecast the number of such occasions on which such drawals would be resorted to.

As regards drawals during 1977-78, supplementary grants for additional requirements of funds under Technical Credits were obtained on two occasions for a total amount of Rs. 203.187 crores in respect of USSR. Though the second and last batch of supplementary grants were presented to Parliament in March 1978 the proposals for the same had to be finalised and sent to the Budget Division of the Department of Economic Affairs by the end of January, 1978. The supplementary provision in respect of the USSR which was thus included in the last batch of supplementary demands was based on the progress of drawals upto December, 1977. Drawals of technical credits however continued to be heavy during February and March 1978 also. In fact, a sum of Rs. 19.41 crores was drawn by the USSR during the last three weeks of March 1978. It will therefore be appreciated that the excess under this head in 1977-78 occurred for reasons beyond the control of the Government."

2.15. The following table shows the savings in the Revenue/Capital Section of the Voted portion Grant of Foreign Trade and Production during the years 1974-75 to 1976-77:

Year	Amount of Grant/Appropriation		Expenditure		Saving	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
1974-75 . .	1,76,25,87,000	3,27,53,50,000	1,73,22,62,231	3,16,25,58,307	3,03,24,769	11,27,91,693
1975-76	200,87,78,000	351,78,33,000	171,98,12,485	218,38,32,534	28,89,65,515	133,40,00,466
1976-77	332,17,84,000	425,06,87,000	322,19,51,701	282,75,89,048	9,98,32,299	142,30,97,952

2.16. The Committee have considered the explanation offered by the Department of Commerce for the excess expenditure of Rs. 3285.08 lakhs which occurred under Grant No. 16—Foreign Trade and Export Production. It is significant that but for savings under various heads in the Capital Section of the Grant, the real excess would have been as high as Rs. 9661.23 lakhs. While appreciating that the drawals of technical credits by USSR (in respect of which no ceiling existed) during the last four weeks of the year 1977-78 amounted to Rs. 31.20 crores, the Committee feel that there is a lacunae in the existing financing and banking arrangements under which whenever the Reserve Bank of India finds that there are no balances in the rupee accounts maintained by foreign Governments with it, the payments made on behalf of the foreign Governments by the Indian banks to the Indian exporters are automatically debited to Government account, without waiting for any release of funds from the Government. The Committee would, therefore, recommend that the Department of Commerce might review the existing procedure in consultation with the Ministry of Finance and the Reserve Bank of India so that advance information of such payments could, if possible, be given to Government for making necessary provision in the supplementary demands for grants.

Ministry of Education & Social Welfare
(Department of Education)

2.17. *Grant No. 28—Department of Education*

Revenue Section

Voted Expenditure	Rupees
Original Grant .	1,57,59,000
Actual Expenditure	1,59,02,073
Excess .	1,43,073

2.18. Explaining in a note, the reasons for the excess expenditure under this Grant, the Ministry of Education and Social Welfare have, *inter alia* stated:

> "The excess, which was the net result of excesses and savings under the various heads in the Grant, is mainly attributable to the excess of Rs. 1,92,929 under the head A. Secretariat Social and Community Services A. 1-Secretariat, and occurred mainly due to the following reasons:—
>
> (i) An expenditure of Rs. 32,812 on account of travelling expenses and Rs. 52,781 on office expenses incurred by

the Departmentalised Accounting Organisation was inadvertently not taken into account while reviewing the grant.

(ii) Inadvertant omission to make provisions for debits received from Controller of Accounts, Ministry of External Affairs on account of Travelling Expenses of foreign trips of official delegations/deputations to the extent of Rs. 35,074 and debits to the extent of Rs. 75,257 on purchase of stores etc. received from time to time through Department of Supply and Railway authorities.

The excess of Rs. 1,92,929 under the head A. 1-Secretariat was offset by savings to the tune of Rs. 49,856 under other heads in the Grant resulting in a net excess of Rs. 1,43,073.

In view of the circumstances explained above, the excess of Rs. 1,43,073 which is less than 1 per cent of the sanctioned Grant may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution."

2.19. The Committee find that the overall excess under Grant No. 28—Department of Education, after setting off savings comes to Rs. 1.43 lakhs. It is seen that but for the savings, the real excess would have been Rs. 1.93 lakhs. The Committee observe that an expenditure of Rs. 32,812 on account of travelling expenses and Rs. 52,781 on office expenses incurred by the Departmentalised Accounting Organisation was inadvertantly not taken into account while reviewing the grant. Again, there was an inadvertant ommission to make provisions for debits received from Controller of Accounts, Ministry of External Affairs on account of Travelling Expenses of foreign trips of official delegations/deputations to the extent of Rs. 35,074 and debits to the extent of Rs. 75,257 on purchase of stores etc., received from time to time through the Department of Supply and the Railway authorities.

The Committee would like to be informed as to why the omission regarding expenditure on account of travelling and office expenses could not be detected in time during the course of the year at the time of reconciliation of accounts. Also, why the committed liability on account of travelling expenses of foreign trips of official delegations/deputations could not be provided for. The Committee would also like to be informed of the steps taken to prevent recurrence of such lapses resulting in excess expenditure.

Ministry of External Affairs

2.20. *Grant No. 34—Ministry of External Affairs*

Revenue Section

Voted Expenditure	Rupees
Original Grant . .	103,23,37,000
Supplementary Grant	..
Final Grant . .	103,23,37,000
Actual Expenditure	105,04,97,333
Excess	1,81,60,333

2.21. The reasons for the excess have been explained by the Ministry as under:

"The excess of Re. 1,81,60,333 was the net result of excesses and savings under the various heads in the grant and is mainly attributable to the gross excess of Rs. 302.36 lakhs under head "C.7—Other Expenditure—C.7 (3)—Other Schemes" and was on account of visit of more delegations to U.N.O. than anticipated and fluctuations in rates of exchange for which the extent of additional requirement could not be fully determined. At the time of reappropriation of funds in the grant at the close of the financial year 1977-78, it was expected that the additional requirement under this head would be Rs. 105.44 lakhs only which would be met by savings under other heads in the Grant. The actual excess, however, amounted to Rs. 302.36 lakhs, resulting in a net excess of Rs. 181.60 lakhs under the Revenue Section of the Grant after taking into account the savings under other heads. The excess came to light after the close of the financial year when it was not possible to provide funds.

In view of the circumstances explained above, the excess of Rs. 1,81,60,333 may kindly be recommended for regularisation by Parliament under Article 115 (1) (b) of the Constitution."

2.22. The Committee note that bulk of the gross excess of Rs. 302.36 lakhs under head "C.7—Other Expenditure—C.7(3)—Other Schemes" under Grant No. 34 is attributable to visit of more delegations to U.N.O. than anticipated and fluctuation in the rates of exchange for which, according to the Ministry, the extent of additional requirement could not be fully determined. After taking into account the savings under other heads in the Grant, the not excess is Rs. 181.60 lakhs.

The Committee are of the view that a more precise estimation of additional requirement of funds on visits of more delegations to the United Nations should have been possible at least at the time of framing Revised Estimates. Also, the plea put forward by the Ministry that additional requirement as a result of fluctuations in rates of exchange could not be determined and that the excess came to notice after the close of the financial year, is not wholly convincing inasmuch as the fluctuations in the rates of exchange were nominal. Since there is necessarily some time-lag between the decision taken to send more delegations and the presentation of last batch of supplementary grants, the Committee express their deep concern for this lapse and desire that the reasons for not making adequate and timely provision should be identified with a view to fixing responsibility as also to take remedial measures to obviate excess expenditure on this account in future.

Ministry of Health and Family Welfare
(Department of Health)

2.23. Grant No. 48—Ministry of Health and Family Welfare.

Revenue Section

Voted Expenditure	Rupees
Original Grant .	84,51,000
Supplementary Grant	
Final Grant .	84,51,000
Actual Expenditure	87,13,458
Excess	2,62,458

2.24. In a note furnished to the Committee, the Ministry of Health and Family Welfare have stated as follows:

"The excess resulted from gross excess of Rs. 4,45,462 under head 'A 1(1)—Department of Health' due mainly to the following:

	Rs.
(i) Salaries	1,92,233
(ii) Office Expenses .	2,45,429
(iii) Travel Expenses	64,000

(*i*) *above*

This was due to amalgamation of the Pay and Accounts Offices of the Departments of Health and Welfare into one unit provided for under the Department of Health and reimbursement of leave salary in respect of C.G.H.S. doctors on deputation to autonomous bodies. There was some delay in computing the leave salary payable.

(*ii*) *above*

This resulted from inescapable expenses on telephones, postage, telegrams, P.O.L., stationery articles, repairs of typewriters, electrical calculators etc. A significant portion of this expenditure was consequent on introduction of

Rural Health Scheme from 2nd October, 1977. The above excess were offset by savings under other heads in the Grant resulting in a net excess of Rs. 2,62,48 which requires to be regularised.

(iii) above

This was due partly to amalgamation of the Pay and Accounts Office into one unit as also to settlement of Indian Airlines bills.

Trends of excess expenditure were noticed in February, 1978 but a proposal for Supplementary Grant therefor was not processed in the hope that it may be possible to cover the same out of savings. This expectation did not, however, materialise resulting in an excess of Rs. 2,62,458.

It is requested that in the circumstances, the excess of Rs. 2,62,458 may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution of India."

2.25. The Committee note that the gross excess under head "A.1 (1)—Department of Health" was mainly due to some delay in computing the leave salary payable in respect of deputationists, (Rs. 1.92 lakhs), office expenses on telephones, telegrams, postage, P.O.L., stationery articles, repairs of typewriter, electrical calculator etc., consequent on introduction of Rural Health Scheme from 2 October, 1977 (Rs. 2.45 lakhs) and travel expenses as also settlement of Indian Airlines bills (Rs. 0.64 lakh). Even though the trends of excess expenditure were noticed in February, 1978 a proposal for supplementary Grant was not processed by the Ministry in the hope that savings to the required extent from other heads would be available. This expectation, however, did not materialise.

The Committee are of the view that the excess expenditure under this head could have been obviated by making adequate provision to meet the anticipated liabilities in the Supplementary demands for grants presented in March, 1978 or, in any case, by regulating disbursements towards the end of the financial year. The Committee would like to impress upon the Ministry the need to exercise greater care in ensuring that the expenditure is kept within the amount sanctioned in the grant. The Committee also trust that sounder budgetary control than what exists at present will be exercised by the Ministry in future to avoid recurrence of excesses of this nature.

Ministry of Home Affairs

2.26. Grant No. 54– *Police*

Capital Section

Voted Expenditure	Rupees
Origianl Grant	6,50,00,000
Supplementary Grant	..
Final Grant . .	6,50,00,000
Actual Expenditure .	6,56,91,636
Excess . . .	6,91,636

2.27. Explaining in a note, the reasons for excess expenditure. the Ministry of Home Affairs have stated:

> "The excess expenditure was due to higher cost of materials and labour for which the bills from C.P.W.D. were received at the fag end of the year and were adjusted in accounts for 1977-78.
>
> In view of the circumstances explained above, the excess of Rs. 6,91,636 may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution."

2.28. The Committee note that an excess expenditure of Rs. 6.92 lakhs had been incurred in the Voted portion of the Capital section of Grant No. 54—Police relating to the Ministry of Home Affairs. An excess has occurred under the Capital Section of this Grant for the second year in succession. Against the final Grant of Rs. 39.38 crores in the Appropriation Accounts for the year 1976-77, the excess expenditure incurred was Rs. 1.93 lakhs. According to the Ministry, the excess expenditure was on account of high cost of materials and labour for which the bills from CPWD were received for adjustment at the fag end of the year. The Committee are unable to appreciate why the increase in cost of materials and labour could not be anticipated in close coordination with the CPWD authorities and why the expenditure could not be regulated within the sanctioned provision. The Committee would like the Ministry of Home Affairs to ensure that such avoidable excesses do not recur in future.

Department of Science and Technology

2.29. Grant No. 78—Survey of India.

Revenue Section

Voted Expenditure	Rupees
Original Grant .	18,68,00,000
Supplementary Grant .	
Final Grant . . .	18,68,00,000
Actual Expenditure	18,73,10,080
Excess .	5,10,080

2.30. Explaining in a note, the reasons for excess expenditure, the Department of Science and Technology have stated:

"The excess of Rs. 5,10,080 was the net result of excesses and savings under various heads in the Grant and was mainly attributable to the excess expenditure incurred under the head "A—Scientific Survey and Research—Survey of India A-3—Development Project Surveys". The excess under this head arose mainly due to an excess expenditure of Rs. 36.81 lakhs on arrears of salaries due to refixation of pay of Grade II (now Group 'C') staff under Central Civil Services (Revised Pay) Rules, 1973, during the year. At the time of review of the Grant it was expected that it would be possible to meet this expenditure out of likely savings in the Grant and accordingly a Supplementary Grant was not sought. This expectation however, did not fully materialise, in-as-much as certain debits for freight charges etc. on photogrammetric machines were received from the Pay and Accounts Officers, Department of Supply during the last days of March, 1978, the payments for which had to be arranged by the Director South Eastern Circle, Bhubaneswar during 1977-78. This resulted in an excess expenditure of Rs. 5,10,080; it came to light only after the last batch of Supplementary Demands for Grants for 1977-78 had been presented to Parliament when it was not possible to provide additional funds."

2.31. The Committee find that the excess expenditure of Rs. 36.81 lakhs under the head 'A—Scientific Survey and Research—Survey of India—A-3—Development Project Surveys' of Grant No. 78 was on account of arrears of salaries due to re-fixation of pay of Grade II (Now Group 'C') staff under the Central Civil Services (Revised Pay) Rules, 1973, as also payment of certain debits for freight charges etc. on protogrammetric machines received from the Pay and Accounts Officer, Department of Supply during the last days of March, 1978. The net excess is of the order of Rs. 5.10 lakhs. The Committee are of the view that this excess expenditure could have been obviated by keeping a close watch over the flow of expenditure towards the end of the year.

Ministry of Works and Housing

2.32. Grant No. 95—Public Works.

Revenue Section

Voted Expenditure	Rupees
Ooriginal Grant	64,48,66,000
Supplementary Grant	5,36,42,000
Final Grant	69,85,08,000
Actual Expenditure	74,34,17,536
Excess	4,49,09,536

2.33. In a note furnished to the Committee, the reasons for the excess expenditure have been explained by the Ministry as follows:

> "The above excess is the net result of excesses and savings under various heads of the Grant and occurred mainly under the following heads:

Head	Sanctioned Grant	Actual Expenditure	Excess
A— ublic Works			
A. 7—Suspense			
A. 7 (1)—Stock	14,80,00,000	18,50,76,791	3,70,76,791
A. 7 (2)—Purchases	25,06,42,000	27,42,75,894	2,36,33,894

The above excess occurred mainly due to the following:

1. Procurement of more quantities of steel and cement to meet urgent need for new works undertaken during year 1977-78.

2. Increase in the cost of material and labour charges during the year; and

3. Adjustment of outstanding book debits of Rs. 2,36,33,894 in respect of transactions pertaining to pre-departmentalisation period. The delay in adjustment of debits is mainly due to time lag in the verification of claims in the Divisional Offices.

Under the existing accounting procedure, transaction of stocks and purchases get reflected a number of times in accounts leading to overall excesses. This position has since been examined by a Committee consisting of a Superintending Engineer from the CPWD and Controller of Accounts from the Departmentalised Accounts Wing of the Ministry, which was set up in November, 1978 in pursuance of the recommendations made by the Public Accounts Committee in their 104th Report (6th Lok Sabha). The Committee's suggestions are being processed further and it is hoped that follow-up action would lead to significant improvement in future.

The above excess was counter-balanced by savings under other sub-heads leading to an uncovered excess of Rs. 4,49,09,536.

In view of the circumstances explained above, the net excess of Rs. 4,49,09,536 over the sanctioned Grant may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution."

2.34. The excess expenditure that occurred under the Grant 'Public Works' continuously from 1968-69 onwards is indicated in the following table:

Year	Excess (Rs. in lakhs)
1968-69	21·90
1969-70	19·58
1970-71	492·72
1971-72	330·41
1972-73	660·22
1973-74	224·20
1974-75	0·83
1975-76	1·53
1976-77	..
1977-78	449·10

2.35. Commenting on the persistent excesses recorded in the Grant relating to Public Works operated by the Ministry of Works and Housing, the Public Accounts Committee (1975-76) had, in paragraphs 2.43 and 2.44 of their 180th Report (Fifth Lok Sabha) observed:

"2.43. The Committee are once again constrained to record their serious concern and displeasure over the persistent excesses that continue to recur, almost unabated, in the grant relating to Public Works administered by the Ministry of Works and Housing. The excesses recorded in this grant during the preceding five years were Rs. 21.90 lakhs in 1968-69. Rs. 19.58 lakhs in 1969-70, Rs. 492.72 lakhs in 1970-71, Rs. 330.41 lakhs in 1971-72 and Rs. 660.22 lakhs in 1972-73. The excess of Rs. 2.27 crores during 1973-74 in the Charged and Voted Sections of the grant represents about 20 per cent of the aggregate excess expenditure of Rs. 10.86 crores incurred during the year. The Committee are exceedingly disturbed over this trend of excess expenditure on Public Works noticed year after year and are of the view that the situation is highly unsatisfactory which calls for drastic remedial measures to inculcate in the Ministry a greater sense of financial discipline. The Committee would stress that concrete measures should be taken to check the persistent tendency on the part of the Public Works Department to exceed the budgetary provisions without coming up in time with feasible proposals for additional funds.

2.44. It is also a matter of particular concern to the Committee that despite their comments year after year, significant excesses continue to recur under the sub-heads 'A 2(1)-Buildings' (Rs. 166.79 lakhs), 'A.7(1) Stock Charges' (Rs. 157.58 lakhs). Better financial control could and should have been exercised by the authorities concerned. Expressing deep distress over the deterioration in the administration of this grant, the Committee, in paragraph 2.55 of their 134th Report (Fifth Lok Sabha) had, *inter alia,* desired that the Ministry should examine whether there were any inherent defects in the system in vogue and then devise suitable machinery for a reasonably accurate forecast of requirements of funds. It is disquieting that the action, if any, taken by the Ministry on this recommendation of the Committee had not been intimated till the finalisation of this Report. The Committee would reiter-

ate their earlier recommendation and would call on the Ministry to undertake immediately a detailed examination of the existing arrangements and devise suitable remedial measures."

2.36. In the relevant Action Taken Notes furnished by the Ministry of Finance (Department of Expenditure) in June, 1978, the Committee had *inter-alia* been informed as under:

> ".....The procedure for management and accounting of stores in the Railways and P&T (which also follows the pattern in Railways) is very well-organised and centralised and is different from the procedure followed in CPWD. Also, if the CPWD switches over to the accounting procedure being followed by the Railways, it will mean extra staff and the consequential additional expenditure of about Rs. 17 lakhs annually. It has, therefore, been decided that the Ministry of Works and Housing should conduct a detailed study of the accounting and budgeting of the CPWD *vis-a-vis* the pattern followed by Railways, and that, in the meantime, the status quo may be maintained. It was also decided that the Department should exercise strict control over the expenditure *vis-a-vis* the funds provided for the Suspense Head in the Budget Estimates, to avoid the excesses occurring year after year.
>
> The position will be reviewed again after the proposed study by the Ministry of Works and Housing is completed."

2.37. In another Action Taken Note dated 17th July, 1979 furnished to the Committee in response to the recommendations contained in their 104th Report (Sixth Lok Sabha), the Ministry of Finance (Department of Expenditure), have *inter alia* stated:

> "The Ministry of Works and Housing had just completed the Study of the Accounting and Budgeting of the Stores requirements of the CPWD *vis-a-vis* the pattern followed by the Railways. The study has revealed that system of net budgeting can be adopted in the CPWD and this would result in seeking Parliament's vote on this account for a more realistic figure in keeping with the actual requirements. Results of the Study would be examined and decisions taken by the Government shortly."

2.38. The excess under Grant No. 95—Public Works has been to the tune of Rs. 449.10 lakhs. But for savings under other sub-heads the excess expenditure would have been much more viz., **Rs. 607.11**

lakhs. The gross excess of Rs. 607.11 lakhs comprised Rs. 236.34 lakhs under Suspense head "Purchases" and Rs. 370.77 lakhs under the Suspense "Stock". The excess under "Purchases" has been stated to be due to adjustment of book debits of Rs. 236.34 lakhs in respect of transactions pertaining to pre-departmentalised period, the delay in adjustment being due to time-lag in the verification of claims in the Divisional Offices. The Committee are not able to appreciate as to why budgetary provision could not be made for the debits which had been received and were under verification in the Divisional Offices. In regard to the excess of Rs. 370.76 lakhs under "Stocks", it has been attributed to procurement of more quantities of steel and cement and the fact that under the existing accounting procedure the transactions of stock get reflected a number of times in accounts leading to overall excesses. In this connection, the Committee would like to know the extent to which the excess was due to each of the factors, particularly, the latter one.

2.39. The Committee find that since 1956, budgetary provision under 'Suspense' head is made for gross amount instead of net amount. This procedure entails multiple budgetary provisions under 'Stock and Purchases' depending upon the number of intermediary stages through which the materials have passed from the time of purchase till their ultimate utilisation. The Committee in paragraph 2.55 of their 134th Report (Fifth Lok Sabha) had, inter alia desired that the Ministry should examine whether there were any inherent defects in the system in vogue and then devise suitable remedial measures. The Committee have been informed that the existing arrangements of budgeting have since been examined by a Study Team consisting of a Superintending Engineer from the CPWD and Controller of Accounts from the Departmentalised Accounts Wing of the Ministry, which was set up in November, 1978 in pursuance of the Committee's recommendations contained in 104th Report (Sixth Lok Sabha) and that the suggestions made by the Study Team are being processed further. The Committee understand from the Explanatory Note submitted in respect of similar excess under the head 'Public Works' in 1978-79 that in pursuance of the report of the Study Team, an Empowered Committee was appointed on 16 July, 1979. This Committee had since submitted its Report and a proposal had been submitted to the Comptroller and Auditor General of India through the Ministry of Finance for adoption of revised accounting procedure. The Committee desire that finality should be reached soon in this important procedural matter so that excesses persisting over a number of years under the Grant 'Public Works' may not occur in future.

APPROPRIATION ACCOUNTS (RAILWAYS), 1977-78

2.40. During the year 1977-78, the actual expenditure under the grants and appropriations administered by the Ministry of Railways (Railway Board) exceeded the sanctioned allotment in six Voted Grants. The excess expenditure aggregated to Rs. 41.36 crores in 1977-78 as against Rs. 67.67 crores in 1976-77 and Rs. 85.79 crores in 1975-76, and occurred under the following Voted Grants:

Sl. No.	Grant	Final Grant	Actual Expenditure	Excess	Percentage of Variation
1	Grant No. 16 — Pensionary charges—Pension Fund.	46,33,14,000	50,63,14,263	4,30,00,263	9.28
2	Grant No. 17 — Repayment of loans from General Revenue and interest thereon—Development Fund.	8,38,96,000	8,38,96,677	677	—
3	Grant No. 18— Revenue—Appropriation to Development Fund	34,18,38,000	34,60,64,070	42,26,070	1.24
4	Grant No. 19— Revenue—Appropriation to Revenue Reserve Fund.	55,13,37,000	91,62,34,048	36,48,97,048	66.18
5	Grant No. 20— Revenue—Payment towards Amortisation of over-capitalisation—Repayment of Loans from General Revenue and interest thereon—Revenue Reserve Fund.	180,55,28,000	180,55,28,059	59	—
6	Grant No. 21 — Revenue—Appropriation to Accident Compensation, Safety and Passenger Amenities Fund.	9,86,11,000	10,00,61,747	14,50,747	1.47
	Total			41,35,74,864	

2.41. The following table indicates the excesses recorded under various Voted Grants|Charged Appropriations during the years 1968-69 to 1977-78:

	No. of Grants and Appropriations wherein excesses occurred	Amount of excess expenditure (Rs. in crores)
1968-69	3	0·11
1969-70	6	2·35
1970-71	4	0·22
1971-72	10	46·21
1972-73	5	10·21
1973-74	—	—
1974-75	6	17·96
1975-76	13	85·79
1976-77	7	67·67
1977-78	6	41·36

2.42. In a note furnished to the Committee on 9|13th August, 1979, explaining the reasons for the excess expenditure during 1977-78, the Ministry of Railways (Railway Board) have *inter-alia* stated:

Voted Grant No. 16—*Pensionary charges—Pension Fund—Excess of Rs.* 4,30,00,263 *over final grant of Rs.* 46,33,14,000.

This grant deals with the payment of pensionary charges to the railway staff covered by the pensionary form of retirement benefits. Grant of Rs. 38.41 crores was taken at Budget Estimates stage for meeting the payments expected to be made to the staff who retired from railway services under the pensionary form of retirement benefits. A supplementary grant of Rs. 7.92 crores was obtained in March, 1978 for anticipated more payments arising out of the adjustment of arrear pension debits, enhanced benefits granted to the pensioners with effect from 1-4-77 and effect of new pension optees, making the final grant of

Rs. 46.33 crores. The excess of Rs. 4.30 crores occurred due to receipt of unexpected more pensionary debits from civil accounts offices (Rs. 4.03 crores), settlement of more cases of death-*cum*-retirement gratuity (Rs. 0.51 crores); partly of set by saving due to less finalisation of pension cases (Rs. 0.18 crores). The excess works out to 9.28 per cent over the final grant. There was no misclassification relating to this grant and therefore the excess requiring regularisation by the Parliament is Rs. 4,30,00,263.00.

Voted grant No. 17—Repayment of loans from General revenues and interest thereon Development Fund. Excess of Rs. 677 over the final grant of Rs. 8,38,96,000.

This grant deals with the repayment of loans and payments of interest on such loans, taken temporarily from the General Revenues to finance the Railway Development fund, in accordance with the recommendations of Railway Convention Committee 1954, which were also endorsed by the Railway Convention Committees-1960, 1965 and 1971. At Budget Estimates stage, a grant of Rs. 8.39 crores was taken towards payment of interest on the loans taken for Development Fund from General Revenues. No supplementary grant was taken in this case. Excess of Rs. 677 occurred under this grant, due to calculation of interest in units of rupees. There was no misclassification relating to this grant and therefore the excess requiring regularisation by the Parliament is Rs. 677.

Voted grant No.—18-Revenue-Appropriation to Development Fund. Excess of Rs. 42,26,070 over the final grant of Rs. 34,18,38,000.

This Grant deals with the appropriation to Development Fund out of the Railway surplus for the year. At Budget Estimate stage, grant of Rs. 26.65 crores was taken for appropriation to Development Fund, from revenue surplus. Due to more surplus anticipated at the revised Estimate stage (*i.e.* Rs. 89.32 Crores against the Budget Estimates of Rs. 32.50 crores), supplementary grant of Rs. 7.53 crores was taken in March, 1978, making the total final grant of Rs. 34.18 crores. Excess of Rs. 0.42 crore occurred under this grant due to actual surplus exceeding the anticipations and consequent more appropriation from surplus to this fund. The excess works out to 1.24 per cent over the final grant.There was no misclassification relating to this grant

and therefore the excess requiring regularisation by the Parliament is Rs. 42,26,070.

Voted Grant No. 19—Revenue-Appropriation to Revenue Reserve Fund. Excess of Rs. 36,48,97,048 over the final grant of Rs. 55,13,37,000.

This grant deals with the Appropriation to Revenue Reserve Fund, from the Railway revenue surplus for the year. At Budget Estimate stage, grant of Rs. 5.84 crores was taken for appropriation to Revenue Reserve Fund from the Railway revenue surplus, expected at that stage. Due to more surplus anticipated at the Revised Estimate stage (*i.e.* Rs. 89.32 crores against the Budget Estimate of Rs. 32.50 crores), supplementary grant of Rs. 49.29 crores was taken making the total final grant of Rs. 55.13 crores. Excess of Rs. 36.49 crores occurred, due to appropriation of more surplus to this grant, as the actual surplus was Rs. 126.23 crores against the surplus of Rs. 89.32 crores anticipated at Revised Estimates stage. The excess works out to 66.18 per cent over the final grant. There was no misclassification relating to this grant and therefore the excess requiring the regularisation by the Parliament is Rs. 36,48,97,048.

Voted Grant No. 20—Revenue-payment towards amortisation of overcapitalisation, repayment of loans from General Revenues and interest thereon-Revenue Reserve fund. Excess of Rs. 59 over the final grant of Rs. 1,80,55,28,000.

This grant deals with he withdrawal from Revenue Reserve Fund for repayment of loans taken from General revenues for this fund and interest on the outstanding loans. At the Budget Estimate stage grant of Rs. 180.55 crores was taken for repayment of loans instalments (Rs. 160.74 crores) and interest on outstanding loans (Rs. 19.81 crores). No supplementary grant was taken. Excess of Rs. 59 was due to calculation of interest in units of rupees. There was no misclassification relating to this grant and therefore the amount requiring regularisation by the Parliament is is Rs. 59.

Voted grant No. 21-Revenue—Appropriation to Accident Compensation, Safety and Passenger Amenity fund. Excess of Rs. 14,50,747 over final grant of Rs. 9,86,11,000.

This grant deals with the appropriation to Accident Compensation, Safety and Passenger Amenity fund based on the receipt from surcharged levied on passenger traffic to cover the additional liabilities of the Railways towards payment of the enhanced amount of compensation to the passengers killed or injured in the railway accidents etc. At Budget Estimate stage grant of Rs. 9.23 crores was taken. Supplementary grant of Rs. 0.63 crore was obtained in March, 1978 on the anticipation of the more receipt from surcharge making the final grant of Rs. 9.86 crores. Excess of Rs. 14,50,747 occurred under this grant mainly due to more appropriation of Rs. 19,60,705 by North Eastern Railway on account of assumption of higher figures of originating passenger traffic, for working out the amount of surcharge on tickets. The excess works out to 1.47 per cent over the final grant. There was no misclassification relating to this grant and therefore the amount requiring regularisation by the Parliament is Rs. 14,50,747.

2.43. Commenting on the excess expenditure of Rs. 50.41 crores under Grant No. 19-Revenue-Appropriation to Revenue Reserve Fund, the Committee (1978-79) had, in paragraphs 2.14 to 2.16 of their 87th Report (Sixth Lok Sabha) observed:

"2.14. The Committee note that there was no original provision under Grant No. 19-Revenue-Appropriation to Revenue Reserve Fund, as the whole of the surplus anticipated at the budget stage was appropriated to the Development Fund. A Supplementary Grant of Rs. 10.98 crores was obtained in March, 1977 to be appropriated from the anticipated revenue surplus of Rs. 35.67 crores. The actual revenue surplus was Rs. 87.24 crores on account of increase in gross traffic receipts. Out of this Rs. 61.39 crores were credited to the Revenue Reserve Fund. Taking into account the final provision of Rs. 10.98 crores, the net excess aggregated to Rs. 50.41 crores. This excess of Rs. 50.41 crores works out to 459.24 per cent of the final grant of Rs. 10.98 crores. Similarly, there was an excess of Rs. 1.16 crores under Grant No. 18-Revenue Appropriation to Development Fund, arising out of the revenue surplus. In March, 1977, a supplementary Grant of Rs. 15.71 crores was obtained out of the anticipated revenue surplus, bringing the final grant at

Rs. 24.69 crores. The excess occurred mainly due to surplus exceeding the anticipation, as a result of the improvement in the Railways' gross traffic receipts.

2.15. While appreciating that the excess under Revenue Appropriation to Revenue Reserve Fund out of the surplus earnings cannot be treated on par with excess expenditure in the normal sense, the Committee feel that a more precise quantification of the revenue surplus was possible at the time of framing the Revised Estimates in March, 1977, thereby curbing to some extent the excess under this head. This was possible particularly in view of the fact that the Railway Administration is required to review continuously the ways and means and resources position of the Railways, which includes estimation of the gross traffic receipts. The Committee would like to know the basis adopted for making original|revised estimates to ascertain where the things have gone wrong resulting in such a large variation.

2.16. It is seen from the Action Taken Note furnished to the Committee in April, 1978 on the recommendations contained in their 38th Report (Sixth Lok Sabha) that the Zonal Railways have been asked to examine the existing procedure of estimation and budgeting and to further stream-line them so as to avoid recurrence of such inadequate estimation in future. The Committee are of the view that the system of budgeting adopted by Zonal Railways needs a closer examination with a view to bring about the desired improvement through future Appropriation Accounts. A copy of the instructions issued in this behalf to the General Managers of the Railways may also be furnished to the Committee."

2.44. In their Action Taken Note dated 10 May, 1979, furnished in response to the above observations, the Ministry of Railways (Railway Board) have stated:

"2.14 and 2.15. The Committee have commented on the increase in appropriations to Revenue Reserve Fund (Rs. 50.41 crores) and Development Fund (Rs. 1.16 crores), arising from the increase of Rs. 51.57 crores in the net surplus as compared to the Revised Estimate for the year. While the actual financial results of 1976-77 showed minor variations from the Revised Estimate under Passenger, other Coaching and Sundry Earnings as also in the Working Expenses and Dividend Payments to General Revenues, the principal categories contributing to the increase in surplus were (a) increased Goods Earnings (Rs. 31.68 crores) and

(b) increased realisation of dues outstanding under Traffic Suspense (Rs. 22.29 crores). The improvement in the above two categories aggregating to Rs. 53.97 crores was partly offset by the variations in the remaining categories referred to above resulting in the net increase in surplus of Rs. 51.57 crores. The position under the above two categories is explained in the following paragraph.

The Budget Estimate of Goods Earnings for 1976-77 was framed on an estimated originating revenue loading of 202 million tonnes which assumed an increase of 12 million tonnes over the Revised Estimate of the previous year *i.e.* 1975-76. While framing the Revised Estimate for 1976-77, the target of anticipated revenue loading was raised to 206 million tonnes which took into account the provisional figures of performance for the 9th months April-December, 1976 totalling 153.59 million tonnes and estimated loading in the remaining three months of 52.41 million tonnes. This was in line with the normal practice of framing the Revised Estimate on the basis of the latest data available, so that the variations of actuals from the estimated figures are limited to the performance of the last quarter. In this instance, the estimate for the last quarter provided for an average monthly loading of 17.47 million tonnes, as against actual average of 17.07 million tonnes, for the first nine months. However, the actual loadings during the three months period for exceeded the anticipation and resulted in an excess of 6.6 million tonnes in revenue loading for the year over the Revised Estimate of 206 million tonnes. This substantial increase in originating loading which could not be anticipated while framing the Revised Estimate for the year contributed to extra Goods earnings of Rs. 31.68 crores over the Revised Estimate.

As regards Traffic Suspense, it may be mentioned that in past, the amount of earnings actually realised in a year was invariably less than the total earnings accrued due to some part of the earnings remaining unrealised. While the Revised Estimate of earnings for a year is fixed with reference to the anticipated quantum of traffic as observed from the month-by-month trends, the Revised Estimate accretion to Traffic Suspense cannot be based on the trends of realisation noticed in the course of the year. This is because in respect of major customers like Steel Plants, Electricity Boards, other Public Sector units, etc. who enjoy the delayed payment facility substantial realisation of Railway dues is effected in the last part of the financial

year, more particularly in the month of March. The normal practice, therefore, is to fix the Budget and Revised Estimate of Traffic Suspense with the reference to the trends of immediate preceding years on the basis of forecosts furnished by the Zonal Railways. While framing the Budget Estimate for 1976-77, the actuals for 1974-75 were available, which showed an accretion in Suspense in that year of as much as Rs. 30.09 crores. The Revised Estimate for 1975-76 and Budget Estimate for 1976-77 were fixed so as to provide for accretion of Rs. 25 crores and Rs. 20 crores respectively. In framing the Revised and Budget Estimates as above, it was observed that during 1975-76 the position of realisation of freight etc. dues from the State Electricity Boards, Steel Plants, and other Public Sector Undertakings, was somewhat slow due to the difficult ways and means of these units and that the position was not expected to improve materially in 1976-77.

In the Revised Estimate 1976-77, the provision under Traffic Suspense was fixed at (—) Rs. 21.55 crores based on the estimates furnished by the Zonal Railways. The increase of Rs. 1.55 crores was mainly on account of the increased earnings expected from the higher traffic and the anticipation based on the past trend that a part thereof will remain unrealised.

While the provision in the Revised Estimates was thus made on the basis of previous trends, the Railway Administrations were asked to launch a concerted drive and to make all out efforts to realise the maximum amounts of outstanding dues from the customers. This drive produced good results during the last quarter of financial year. The higher realisation was also partly helped by the improved ways and means position of the major customers in the Public Sector. Thus against the provision of (—) Rs. 21.55 crores in the Revised Estimates for the year 1976-77, the actuals amounted to (+) Rs. 0.74 crores, leading to a net improvement in realisation of earnings to the extent of Rs. 22.29 crores.

2.16. A copy of the instructions issued in the light of the PAC recommendations contained in their 38th Report is attached.*

As regards the system of budgetting adopted by the Zonal Railways, it may be mentioned that certain minor modi-

*Reproduced in Appendix XIII of this Report.

fications in the structure of Demands and the Accounting Classifications are being introduced from 1979-80 on the basis of the recommendations of the Task Force appointed in terms of the recommendations of the Railways Convention Committee 1971. In the new arrangements the accounting classification has been brought in line with the Budget heads both for Revenue and for Works Expenditure so as to facilitate more purposeful monitoring of the trend of expenditure from month to month for better budgetary control."

2.45. The Committee find that a nexces of Rs. 4.30 crores occurred under Grant No. 16—Pensionary Charges—Pension Fund. It works out to 9.28 per cent over the final grant of Rs. 46.33 crores. The excess is mainly attributed to receipt of unexpected more pensionary debits from civil accounts offices (Rs. 4.03 crores) and settlement of more cases of death-cum-retirement gratuity (Rs. 0.51 crores). The Committee would like to point out that there was usually no element of uncertainty or unforeseeability in the expenditure on Pensionary Charges and therefore, there should have been no excess on this account. The Committee desire that a produce should be evolved for making budgetary provision on a more national basis.

2.46. The Committee find that an excess of Rs. 36.49 crores has occurred under Grant No. 19—Revenue Appropriation to Revenue Reserve Fund. This grant has been exceeded for the second year in succession. The excess, according to the Ministry of Railways, occurred due to appropriation of more surplus to this Grant. The excess of Rs. 36.49 crores over the final Grant of Rs. 55.13 crores which works out to 66.18 per cent, was mainly due to saving of Rs. 44.37 crores in Revenue Expenditure and less Revenue Receipts (Rs. 7.97 crores) as compared to the Revised Estimates.

It appears that the General Managers of the Zonal Railways concerned have not followed the Instructions contained in Chapter VIII (of paras 843 and 849 to 851) of the Indian Railway General Code, Volume I, wrich lay down norms and procedure for carrying out continuous and concurrent review of the revenue and expenditure vis-a-vis the budget. The Committee would urge the Ministry of Railways to evolve a fool-proof arrangement by which a concurrent review of the revenue as also expenditure vis-a-vis the provisions including anticipating of surpluses is made. They would lie to have a specific report in regard to implementation of the recommendation of the Committee.

2.47. Subject to the observations contained in the preceding paragraphs of the Report, the Committee recommend that the excess expenditure referred to in paragraph 2.1 of this Report be regularised in the manner prescribed in Article 115(1)(b) of the Constitution of India.

CHAPTER III

REVIEW OF ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR 87th REPORT (SIXTH LOK SABHA) ON EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS FOR THE YEAR 1976-77.

3.1. The 87th Report (Sixth Lok Sabha) of the Public Accounts Committee on Excesses over Voted Grants and charged Appropriations disclosed in the Appropriation Accounts (Railways), (Posts & Telegraphs) and (Defence Services) for the year 1976-77 was presented to Lok Sabha on 30 August, 1978. Action Taken Notes on all the 18 recommendations or observations contained in the Report have been received from Government and are reproduced in Appendix XIII. Three of the recommendations concerned more than one Ministry (*viz.*, Sl. Nos. 1, 2 and 16-paragraph) 1.2, 2.2 and 3.4 of the 87th Report).

3.2. The Action Taken Notes received from Government have been broadly categorised as follows:

(i) Recommendations of observations that have been accepted by Government.

S. Nos. 1—5, 7, 8, 10—16.

(ii) Recommendations or observations which the Committee do not desire to pursue in view of the replies of Government.

S. Nos. 9 and 18.

(iii) Recommendations or observations replies to which have not been accepted by the Committee and which require reiteration.

S. Nos. Nil.

(iv) Recommendations or observations in respect of which Government have furnished interim replies.

S. Nos. 6 and 17.

3.3. In accordance with the time schedule prescribed by the Committee in their 5th Report (4th Lok Sabha), notes on the Action Taken by Government on the recommendations and/or observations contained in the Committee's 87th Report were required to be furnished by 28 February, 1979. An analysis of the receipt of Action

Taken Notes (in some cases from more than one Ministry), however, discloses the position as under:

		Ministry
(i) Number of Notes received by due date	14	—
(ii) Number of Notes received after 28th February, 1979 but by the end of March, 1979.	5	Defence
(iii) Number of Notes received by middle of May, 1979.	3	Railways

3.4. The Committee have been commenting upon avoidable delays in the receipt of Action Taken Notes, as also stressing that the Notes should invariably be furnished to them within the stipulated time-limit of six months. Despite the fact that in February, 1979 the Ministry of Finance had brought the observations contained in Paragraph 3.4 of their 87th Report (Sixth Lok Sabha) to the notice of all Ministries and|or Departments, delay continues to occur. Out of 22 Action Taken Notes in respect of recommendations contained in the 87th Report, 8 notes were received after the due date i.e., 28 February, 1979. Out of these 8 notes, 3 pertained to the Ministry of Railways and 5 to the Ministry of Defence. The Committee desire that in future the Ministries should invariably ensure submission of Action Taken Notes within the stipulated time-limit of six months.

CHAPTER IV

REVIEW OF ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR 104th REPORT (SIXTH LOK SABHA) ON EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS FOR THE YEAR 1976-77.

4.1. This Chapter of the report deals with the action taken by Government on the Committee's recommendations and observations contained in their 104th Report (Sixth Lok Sabha) on the Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil) for the year 1976-77 and action taken by Government on the recommendations of the Committee contained in the 38th Report (Sixth Lok Sabha) relating to Excesses over Voted Grants and Charged Appropriations for the year 1975-76.

4.2. The 104th Report of the Committee was presented to the Lok Sabha on 20 December, 1978. Though Action Taken Notes had been received in respect of 26 recommendations and observations, such notes had not been received from the Ministry of Energy (Department of Coal) in respect of one recommendation (*i.e.* Sl. No. 5).

4.3. The Action Taken Notes received from Government have been broadly categorised as follows:

(i) Recommendations or observations that have been accepted by Government:

Sl. Nos. 1, 2, 6—9, 13, 20—22.

(ii) Recommendations or observations which the Committee do not desire to pursue in view of the replies of Government:

Sl. Nos. 3-4, 10, 11, 14, 17 and 18.

(iii) Recommendations or observations replies to which have not been accepted by the Committee and which require reiteration:

Sl. Nos. 15, 16, 19, 23, 25-26.

(iv) Recommendations or observations in respect of which Government have furnished interim replies or no replies:

Sl. Nos. 5, 12, 24 and 27.

4.4. In accordance with the time schedule prescribed by the Committee in their 5th Report (Fourth Lok Sabha) notes on the action taken by Government on the recommendations and observations contained in the Committee's 104th Report (Sixth Lok Sabha) were required to be furnished by the concerned Ministries or Departments by 19 June, 1979. An analysis of the receipt of Action Taken Notes, however, discloses the following position:

		Ministry respons for delay
(i) No. of notes received by due date.	16	—
(ii) No. of notes received after 19 June, 1979 but by the end of June, 1979.	4	Home Affairs, Information & Broadcasting and Works and Housing.
(iii) No. of Notes received by the end of July, 1979.	7	Finance, Steel & Mines.
(iv) No. of Notes received by August, 1979.	7	Finance, Shipping & Transport Chemicals and Fertilisers.
(v) No. of Notes received after August, 1979.	3	Shipping & Transport, Works & Housing.
(vi) No. of Notes still awaited.	1	Energy.

4.5. Commenting on the persistent tendency of delay in the submission of Action Taken Notes on the recommendations and observations contained in their 38th Report (Sixth Lok Sabha), the Public Accounts Committee 1978-79 had, in paragraph 3.7 of the their 104th Report (Sixth Lok Sabha) observed:

> "The Committee had, in paragraph 3.7 of their 38th Report (Sixth Lok Sabha) taken a serious view of the persistent delays that had been taking place in the submission of Action Taken Notes and had desired to be apprised of the measures contemplated to ensure that Action Taken Notes were invariably furnished to them within the stipulated time limit of six months. The Committee find that in pursuance of their recommendation, Ministries or Departments have once again been requested by the Ministry of Finance in February 1974, July, 1976, August, 1977 and submitted within the prescribed period of six months. It is rather disconcerting that despite the comments of the Committee in their earlier reports and the fact that instructions had been repeatedly issued by the Ministry of Finance in February 1974, July 1976, August, 1977 and June, 1978, delays continue to occur this year as well, 17 Action Taken Notes in respect of recommendations contained in their 38th Report (Sixth Lok Sabha) were received after the due date *viz.*, 14th May, 1978. The delay was of the order of a month and a half in 12 cases whereas two notes from the Ministry of Defence were received after a

delay of over two weeks, one note from the Ministry of Home Affairs was received after 3-1|2 months on 1-9-1978. The note from the Ministry of Shipping and Transport was, however, received on 11-7-1978. One advance note from the Ministry of Health and Family Welfare was received after 5 months. The Committee take a very serious view of the delays, particularly occurring in the Ministry of Home Affairs and the Ministry of Health and Family Welfare and feel that the instructions issued by the Ministry of Finance are observed in breach than in compliance. They would like to be reassured that the recommendations of the Committee receive prompt attention and the time schedule prescribed for furnishing the Action Taken notes is scrupulously followed in future, save in exceptional cases and that too for unavoidable reasons."

4.6. The Action Taken Notes received in this regard from different Ministries and|or Departments are reproduced below:

Ministry of Finance (Department of Expenditure):

"The above recommendations have been circulated to all the Ministries/Departments of the Government of India for strict compliance *vide* our O.M. No. F. 12(17)-E (Coord)/78, dated the 31st March, 1979 (Copy enclosed)*. Reminders will be issued by the Monitoring Cell more systematically to the Ministries/Departments for furnishing the final Action Notes within the stipulated time limit of six months."

Ministry of Defence

"In the recommendation, the P.A.C. have *inter alia* pointed out that the Action Taken Notes from the Ministry of Defence were received after a delay of over two weeks from the due date. This observation relates to the Action Taken Note on Sl. Nos. 24 & 25 (Paras 2.65 and 2.66) of Appendix XXXVII to 38th Report of the P.A.C. (6th Lok Sabha). In this case the last date for the submission of the Action Taken Notes was 14th May, 1978 and Notes were forwarded to the Lok Sabha Secretariat by this Ministry on the 31st May, 1978. This short delay in the submission of the note was, however, covered by the extension of time granted by the Lok Sabha Secretariat upto the 15th May, 1978. In this connection, it may also be mentioned that this delay of two weeks was also commented upon by the P.A.C. at Sl. No. 16 (Para 3.4) of

*Reproduced in Appendix XIV.

Appendix VI to the 87th Report (6th Lok Sabha) and the action taken note with reference to this recommendation was sent to the Lok Sabha Secretariat under this Ministry's u.o. No. 58(1)|78|D (Air-I) dated 19th October, 1978. Nevertheless, the observations of the P.A.C. have been noted for strict compliance of the time limit in future."

Ministry of Home Affairs:

"In para 3.7 of 38th Report (Sixth Lok Sabha) the Public Accounts Committee had taken a serious view of the late submission of Action Taken Notes to them by the Ministry of Home Affairs in respect of para 2.29 of 227th Report (Fifth Lok Sabha) of the Committee. As the para 3.7 related to the Ministry of Finance (Expenditure/ Defence/Works & Housing/Home Affairs, in compliance with para (a) of the Ministry of Finance O.M. No. F. 12(38)-E (Coord)|76 dated 18|1|77 (Copy enclosed) it was decided in December 1977 in consultation with the Ministry of Finance (Department of Expenditure) that a Joint Action Taken Note in respect of para 3.7 of 38th Report would be prepared by the Ministry of Finance and sent by them to the Lok Sabha Secretariat. The latter, however, advised subsequently in August 1978 that separate Action Taken Note would have to be prepared. At this stage in order to get the Action Taken Note vetted by Audit, this Ministry requested the Lok Sabha Secretariat *vide* O.M. No. .U. 15030/6/677—AC. II dated 23-8-78 for grant of extension upto 15th September, 1978 and finally submitted the Action Taken Note on 1-9-78. It will appear fro mthe above that the delay in sending the Action Taken Note in this case was purely due to a misapprehension in this Ministry and the Ministry of Finance. This is regretted. The recommendations of the Committee are invariably given prompt attention and it is the constant endeavour of this Ministry to adhere to the time limit for sending Action Taken Notes."

Ministry of Shipping & Transport:

"So far as Ministry of Shipping & Transport are concerned, Roads Wing's Action Taken Note on Recommendation No. 20 of 38th Report of P.A.C. (Sixth Lok Sabha) reached Lok Sabha Secretariat on 11-7-78 *i.e.* late by about two months of the prescribed date *viz.* 14-5-78. The circumstances which led to this delay have been investigated. It has been found that the delay was mainly due

to non-finalisation of revised accounting procedure relating to National Highways which required consultations with various Ministries *viz.*, Ministry of Finance, Ministry of Law and the Office of the C&AG. In view of its complicated nature the procedure has not been finalised even up till now. However, the observations of the Committee under reply have been circulated to the officers concerned in this Ministry *vide* this Ministry's endt. No. BPC-3/79 dated 19-3-79 (Annexure 'A')* with the request to ensure scrupulous adherence to the time schedule prescribed for submission of Action Taken Notes to the Committee to avoid delay in future."

Ministry of Health and Family Welfare:

"The undersigned is directed to refer to the Lok Sabha Secretariat Office Memorandum No. 9/1/6/88—PAC dated the 20th December, 1978, on the subject mentioned above and to invite attention of the Lok Sabha Secretariat to the Recommendation of the PAC contained in Para 3.7 of its 104th Report. It is stated that in so far as the Ministry of Health and Family Welfare is concerned, it is re-assured that in future the Action Taken Notes on the Recommendations of the PAC will be submitted to the Lok Sabha Secretariat within the prescribed time limit *viz.*, six months. It is further stated that the instructions issued in this regard by the Ministry of Finance, Department of Expenditure on 15th February, 1974, 28th July, 1976, 12th August, 1977 and 19th June, 1978 have already been circulated to all concerned in the Ministry of Health and Family Welfare. The need for strict compliance with these instructions on the subject has been reiterated to them."

4.7. As will be seen from above, the Committee had, in paragraph 3.7 of their 104th Report (Sixth Lok Sabha), drawn attention to the persistent delay that had been noticed in the submission of Action Taken Notes on their recommendations and observations. They had sought to be reassured that the recommendations of the Committee received prompt attention and the time schedule prescribed for furnishing Action Taken Notes was scrupulously followed in future. It is seen that, as in the past, the Ministry of Finance have circulated the recommendations of the Committee to all Ministries and Departments of the Government of India on 31 March, 1979. The Committee have also been informed that reminder would be issued by

*Reproduced in Appendix XIV.

the Monitoring Cell in the Ministry of Finance more systematically to the Ministries and Departments for furnishing the final action taken notes within the stipulated time limit of six months. Yet, the position regarding submission of action taken notes in time, by some Ministries is far from satisfactory. Out of 38 Action Taken Notes, 16 notes were received by the due date i.e., 19 June, 1979. Out of the remaining 22 notes, 6 notes relating to the Ministries of Chemicals and Fertilizers, Shipping and Transport and Works and Housing were received with a delay of over two to seven months, and 15 notes from various Ministries were received after the due date with a delay ranging upto two months. The remaining 1 note due from the Ministry of Energy (Department of Coal) has not been received till the date of finalisation of this Report. The Committee take a serious view of such recurrent delays in the submission of Action taken Notes within the stipulated time-limit and would like the Ministries concerned to adhere to the schedule prescribed in this behalf. The Committee express their strong displeasure that the Ministry of Energy (Department of Coal) has failed to submit its action taken note till the date of finalisation of this Report and would like the Secretary of Ministry of Energy to furnish an explanation for this kind of inordinate delay.

Expenditure on National Highways

4.8. Expressing their distress that inspite of repeated exhortations by the Committee for an expeditious examination of the suggestions by the Task Force constituted about 7 year back to evolve a revised procedure for payment for National Highways, the Public Accounts Committee (1978-79) reiterating their earlier recommendations in this behalf had, in paragraphs 2.48, 2.49, 3.12, 3.14 and 3.15 (Recommendation S. Nos. 15, 16, 23, 25 and 26 respectively) of their 104th Report (Sixth Lok Sabha) stated:

> "2.48. The Committee have further been informed by the Ministry that "till September, 1976, the expenditure incurred by State Governments as executing agencies of the Central Government, for development and maintenance of National Highways was debited directly against the Central cash balances and the States were not subject to any budgetary control." In order to overcome this situation, action to evolve a revised procedure for payment for National Highways on the basis of recommendations of the Task Force is reportedly in hand. The Committee also find that the proposed revised procedure is being worked out in consultation with the Ministry of Finance/ Ministry of Law and the Comptroller and Auditor General. (S. No. 15)
>
> 2.49. It is rather distressing that inspite of repeated exhortations by the Committee for an expeditious examination of the suggestions, made about 4 years back, by the Task

Force constituted nearly six years ago, no finality has yet been reached in this vital matter. The Committee have dealt with this aspect in a greater detail in para 3.12 of the subsequent Chapter. (S. No. 16)

3.12. The Committee have made observations on the gross excess under Grant No. 80—Roads aggregating Rs. 290.31 lakhs, in Chapter II of this Report (c.f. paras 2.47 to 2.49). The Committee note that following the recommendation of the Public Accounts Committee contained in their 49th Report (5th Lok Sabha), a Task Force was set up in December, 1972 to investigate the causes for excesses and suggest remedial measures to improve the budgetary system. The report of the Task Force was considered on 25th April, 1977. From the reply furnished to the Committee by the Ministry of Finance in June 1978 it is seen that after protracted correspondence and discussions, a statement of the case was prepared by the Ministry of Law in consultation with the Ministry of Finance and Shipping and Transport. Before obtaining the opinion of the Attorney General, the draft statement was referred to the Office of the Comptroller and Auditor General of India in April, 1977 for comments. As the draft statement did not seem to bring out the various issues involved and the basic point at issue, in their proper perspective, an inter-departmental meeting was accordingly held on 13 March, 1978 to discuss the statement of the case. The Committee have been informed that further action in this regard is being taken by the Ministry of Law and in the meantime the National Highways Accounting Cell in the Ministry of Shipping and Transport is being strengthened to ensure proper accountal and control of expenditure.

3.14. The Committee are distressed to point out that inspite of repeated exhortations by them the progress to ensure proper accountal and control of expenditure has rather been at snail's pace, with the result that excesses over authorised provisions continue to occur year after year. They feel that the issues involved are not so intricate as to evade solution. The Committee once again stress that finality should be soon reached in this matter of importance. They would like to be informed of the concrete action taken in this regard as and when the statement of the case is finalised by the Ministry of Law and sent to the Attorney General for obtaining his opinion.

3.15. The Committee also find that the only change brought about following departmentalisation of accounts with effect from 1 July, 1976, is that now the State Accountants General prepare a monthly statement of expenditure incurred by the State Governments, which is reimbursed by the Pay and Accounts Officer, Ministry of Shipping and Transport. From the Advance Report of the Comptroller and Auditor General of India, it is seen that the checks to be exercised by the Pay and Accounts Officer (National Highways) in respect of works expenditure with reference to vouchers, sanctions, contract documents, schedule of rates, statements of remittances into treasuries and paid cheques, had not been prescribed till January, 1978. During local Audit (October, 1977) of the Office of Pay and Accounts (National Highways) it was noticed that after re-imbursement of expenditure incurred by State Governments, no effective post-checks were applied to the accounts and vouchers received. The Committee cannot comprehend how the strengthening of the National Highways Accounting Cell could ensure proper accountal and strict control of expenditure, unless detailed procedures for accountal and inspection of National Highways expenditure are laid down. They would like to have further clarification on the circumstances under which it has not been possible to lay down detailed procedures for accountal of National Highways expenditure."

4.9. In their Action Taken Notes furnished during August 1979, the Ministry of Shipping and Transport have stated:

"With a view to avoid excesses over sanctioned grants action is in hand to evolve a revised procedure for payments to States of expenditure on the development and maintenance of National Highways under which the expenditure is intended to be routed through the Consolidated Funds of the State Governments concerned. As there had developed certain doubts with regard to the modality of the proposed procedure it was decided to obtain the views of the Attorney General of India and a statement of the case for this purpose was prepared by the Ministry of Law. There were, however, some differences of opinion with regard to the contents of the statement of the case among the various Departments concerned. The matter was therefore discussed in an inter-departmental meeting held on 18 May, 1979 wherein the differences were resolved and agreed views were finalised. The Statement of

the case is accordingly being recast by the Ministry of Law for obtaining the clearance of the Law Secretary and the Comptroller and Auditor General of India. After this has been done the matter shall be placed before the Attorney General of India for his advice and further action accordingly.

4.10. In a separate note from the Ministry of Finance (Department of Expenditure) received in July 1979, it has been stated:

"An inter-departmental meeting was held on 18 May, 1979 in the room of Additional Secretary (Roads), which was attended, among others, by the representatives of the Ministries of Law, Finance and the Comptroller and Auditor General of India to resolve the differences of opinion with regard to the contents of the draft 'statement of the case' for the Attorney General. The 'statement of the case' as prepared by the Ministry of Shipping and Transport is accordingly being recast by the Ministry of Law for obtaining the clearance of Law Secretary and the Comptroller and Auditor General of India. After this has been done, the matter shall be placed before the Attorney General of India for his advice and further action. The Public Accounts Committee will be informed of the position as soon as final agreement as reached in the matter."

4.11. In yet another note* furnished on 4 September, 1980, at Committee's instance, the Ministry of Shipping and Transport (Roads Wing) have stated:

"Statement of the case explaining the proposed revised procedure was required to be submitted to Attorney General of India for his opinion about the legality of the procedure proposed. Accordingly after the draft statement of the case had been seen by the Law Ministry, four copies of the 'Statement of the case' were forwarded to that Ministry on 7 June, 1980 for processing it further. Law Ministry are taking action to submit the Statement to the Attorney General of India and a further communication will follow on receipt of his views."

4.12. The Committee were informed that with a view to avoiding excesses over sanctioned grants, action was in hand to evolve a

*Not vetted in Audit.

revised procedure for payment to States of expenditure on the development and maintenance of National Highways under which the expenditure was intended to be routed through the Consolidated Funds of the State Government concerned. In this connection, a Task Force was constituted in December, 1912 to investigate the causes for persistent excesses and to suggest remedial measures. The Report of the Task Force was considered by Government in April, 1977. As there had developed certain doubts with regard to the modality of the procedure regarding payments for National Highways, it was decided to obtain the views of the Attorney General of India. A draft 'Statement of the case' was accordingly prepared for obtaining the views of the Attorney General of India. Inspite of the fact that the Committee had, in their 104th Report (1978-79), expressed their distress over delay by Government in taking action on the suggestions of the Task Force, no tangible progress has been made in the matter. The Committee have now been informed by the Ministry of Shipping and Transport on 4 September, 1980 that after the draft 'Statement of the case had been seen by the Ministry of Law, copies thereof were forwarded to that Ministry on 7 June, 1980 for processing it further. The 'Statement of tht case' had still to be submitted to the Attorney General of India. The Committee regret to point out that although more than 7 years have elapsed since the Task Force was constituted, the finalisation of the case is no where in sight. The Committee consider this delay as a typical example of bureaucratic functioning and would like to have at the earliest the reasons why on such an important issue, so much delay has taken place.

Net budgeting in the CPWD under Suspense head

4.13. Commenting on the feasibility of re-introducing centralised 'Net budgeting' whereby provision could be made for anticipated net increase or decrease in the suspense balance, the Committee had, in paragraph 3.13 (Recommendation S. No. 24) of their 104th Report (Sixth Lok Sabha) stated:

> "The Committee also find that the procedure for management and accounting of Stores in the Railways and Posts and Telegraphs is stated to be well organised and centralised. Prior to 1956 the CPWD also resorted to 'Net Budgeting' whereby provision was being made for anticipated net increase or decrease in the suspense balance. A decision has been taken that the Ministry of Works and Housing should conduct a detailed study of the accounting and budgeting of the CPWD vis-a-vis the pattern followed by Railways. It is further seen from the reply of the Gov-

ernment that the position should be reviewed again after the proposed study by the Ministry is completed. In the meantime, status quo is being maintained and it was decided that the Department should exercise strict control over the expenditure vis-a-vis the funds provided for the suspense Head in the Budget."

4.14. In the Action Taken Note furnished to the Committee on 23rd July, 1979 the Ministry of Finance (Deptt. of Expenditure) have stated:

"The Ministry of Works and Housing has just completed the Study of the Accounting and Budgeting of the Stores requirements of the CPWD vis-a-vis the pattern followed by the Railways. Results of the study are being examined and decisions will be taken by the Government shortly."

But in another Action Taken Note furnished to the Committee on 11 September, 1979, the Ministry of Finance (Deptt. of Expenditure) had *inter alia* stated

"The Ministry of Works and Housing has just completed the study of the Accounting and Budgeting of the Stores requirements of the CPWD vis-a-vis the pattern followed by the Railways. The study has revealed that system of net budgeting can be adopted in the CPWD and this would result in seeking Parliament's vote on this account for a more realistic figure in keeping with the actual requirements. Results of the study would be examined and decisions taken by the Government shortly."

4.15. The Committee find that the study of the Accounting and Budgeting of the Stores requirements of the CPWD vis-a-vis **the centralised pattern followed by the Railway, has since been completed by the Ministry of Works and Housing and that the results of the Study are being examined. The study has revealed that the system of net budgeting can be adopted in the CPWD and this would result in seeking Parliament's vote on this account for a more realistic figure in keeping with the actual requirements. The Committee have been informed that decisions will be taken in the matter by Government shortly. The Committee would like the Government to take early decision in the matter of introduction of the system of 'Net budgeting' in the CPWD.**

NEW DELHI;
October 17, 1980
Asvina 25, 1902 (*S*).

CHANDRAJIT YADAV,
Chairman,
Public Accounts Committee.

APPENDICES

APPENDICES I TO XIV

(*Vide* Para 1.3 of the Report)

Explanatory Notes received from various Ministries/Departments on the Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts for the year 1977-78.

* * * * *

APPENDIX I

MINISTRY OF AGRICULTURE AND IRRIGATION

(Department of Agriculture)

Grant No. 9—Payments to Indian Council of Agricultural Research—Revenue Section (Voted)

	Rupees
Original Grant.	56,89,25,000
Supplementary Grant.	1,66,84,000
Final Grant	58,56,09,000
Actual Expenditure.	58,65,51,850
Excess.	9,42,850

The original Grant of Rs. 56,89.25 lakhs in the Revenue Section (Voted) was augmented by obtaining a Supplementary Grant of Rs. 166.84 lakhs. Against the final Grant of Rs. 58,56.09 lakhs, the actual expenditure amounted to Rs. 58,65,51,850 resulting in an excess of Rs 9,42,850.

2. The excess of Rs. 9,42,850 occurred under the Sub-head "A-1 (3)—Administration under Major Head "305" on account of over-payment of grants to the Indian Council of Agricultural Research an autunomous organisation under the Department of Agricultural Research and Education. The over-payment occurred as the annual membership fee payable by the Indian Council of Agricultural Research to the Commonwealth Agricultural Bureau during 1977-78, was authorised by the Department of Agricultural Research and Education through the Indian High Commission in U.K. on 7th October, 1977. While releasing the final instalment of the Grant for the year 1977-78 to Indian Council of Agricultural Research on 29th March, 1978, the authorisation of Rs. 9,42,850 already made by the Department of Agricultural Research and Education to Indian High Commission in U.K., for payment of contribution of ICAR to the Commonwealth Agricultural Bureau, was not adjusted inadvertently. An amount of Rs. 9,42,850 on the basis of the actual debit received on this account from High Commission in U.K. was adjusted by the Pay and

Accounts Officer, Ministry of Agriculture and Irrigation in the accounts for March, 1978 (Supplementary Accounts). This resulted in an excess expenditure of Rs. 9,42,850.

This amount paid in excess to the Indian Council of Agricultural Research during 1977-78 has since been recovered from the Indian Council of Agricultural Research by short payment of the grant payable to it in the year 1978-79. Steps have also been taken to avoid recurrence of such cases.

3. In view of the circumstances explained above, the excess of Rs. 9,42,850 may kindly be recommended for regularisation by the Parliament in accordance with article 115(1)(b) of the Constitution.

This has been seen by Audit.

APPENDIX II

MINISTRY OF COMMERCE, CIVIL SUPPLIES AND CO-OPERATION

(Department of Commerce)

Grant No. 16—Foreign Trade and Export Production–

Capital Section (Voted)	(Rupees)
Original Grant	283,42,31,000
Supplementary Grant	266,23,27,000
Final Grant	549,65,58,000
Actual Expenditure	582,50,65,635
Excess	32,85,07,635

The original Grant of Rs. 283,42,31,000 in the Capital Section (Voted) was augmented by obtaining Supplementary Grants of Rs. 139,87.00 lakhs and Rs. 126,36.27 lakhs in December, 1977 and March, 1978 respectively. Against the Final Grant of Rs. 549,65,58,000 the actual expenditure amounted to Rs. 582,50,65,635 resulting in an excess of Rs. 32,85,07,635.

2. The excess, which was the net result of excesses and savings under various heads in the Capital Section of the Grant, is mainly attributable to the gross excess of Rs. 9661.23 lakhs under head 'MM-Advances to Foreign Governments—MM 5-Loans to Government of USSR—MM5(1) Technical Credits incorporated in Trade Agreements:

The provision of Rs. 100,00.00 lakhs made on this account in the original Budget, was augmented to Rs. 303,18.77 lakhs by obtaining supplementary Grants of Rs. 8050.00 lakhs in December, 1977 and Rs. 12268.77 lakhs in March, 1978. The actual expenditure, however, amounted to Rs. 39980.00 lakhs resulting in an excess expenditure of Rs. 9661.23 lakhs. At the Revised Estimates stage when

the Grant was reviewed, it was expected that a part of the additional requirements on this account would be met from the savings within the Grant. This anticipation, however, did not materialise fully as drawals by USSR, on which there is no ceiling, continued to be heavy during February and March, 1978. Drawals of technical credits by USSR during the last four weeks alone (4th March to 31st March, 1978) amounted to Rs. 31.20 crores. As the last batch of Supplementary Demands for Grants for 1977-78 had been presented on 3rd March, 1978, additional funds could not be provided to accommodate the excess drawals. Taking into account the savings available under the other heads in the Capital Section of the Grant, the net excess was Rs. 32,85,07,635 which requires to be regularised.

3. The Trade between India and most East European Countries including the USSR, is carried on under the Trade and Payments Agreements with the respective countries which stipulate that all payment of commercial and non-commercial nature between India and these countries are to be effected in Indian rupees. Thus, the imports by these countries from India are made in Indian rupees out of rupee payments generated by the exports made by the countries to India. Since some Indian imports are effected on deferred payment basis or under long term credit arrangement, sufficient rupee funds are not always generated immediately. Moreover, from time to time these countries run into adverse balance of trade against India either due to seasonal character of the trade or for other reasons. Whenever these countries are thus faced with temporary shortage of rupee funds, for paying for their imports from India, the Trade and Payment Agreements provide for drawals of technical credits by these countries. While the agreements provide for some ceiling in respect of most of the countries, no ceiling exists in respect of the USSR. The financing and banking arrangements are such that whenever the Reserve Bank of India finds that there are no balances in the rupee accounts maintained by foreign Governments with it, the payments made on behalf of the foreign governments by the Indian banks to the Indian exporters are automatically debited to Government account under the head "765-Advances to Foreign Governments" without waiting for any release of funds from the Government. It will thus be appreciated that unlike the expenditure under other heads, which are controlled by regulating the release of funds, with reference to the Budget grant, the debits under the head "765-Advances to Foreign Governments—Technical Credits" are automotic and it is extremely difficult to bring these within the control of the Department to avoid excesses. Further, because of the various imponderables involved the number of occasions on which the foreign countries would have to resort to drawals of technical credits cannot also be foreseen.

4. In view of the circumstances explained, it is requested that the excess of Rs. 32,85,07,635 may kindly be recommended for regularisation in accordance with article 115(1)(b) of the Constitution.

This has been seen by Audit.

APPENDIX III

MINISTRY OF EDUCATION AND SOCIAL WELFARE

(Department of Education)

Grant No. 28—Department of Education

Revenue Section (Voted)	(Rupees)
Original Grant	1,57,59,000
Actual Expenditure	1,59,02,073
Excess	1,43,073

2. Against the sanctioned Grant of Rs. 1,57,59,000 for the year 1977-78, the actual expenditure amounted to Rs. 1,59,02,073 resulting in an excess of Rs. 1,43,073. The excess, which was the net result of excesses and savings under the various heads in the Grants, is mainly attributable to the excess of Rs. 1,92,929 under the head A. Secretariat Social and Community Services A. 1-Secretariat, and occurred mainly due to the following reasons:—

(i) An expenditure of Rs. 32,812 on account of travelling expenses and Rs. 52,781 on office expenses incurred by the Departmentalised Accounting Organisation was inadvertantly not taken into account while reviewing the grant.

(ii) Inadvertant omission to make provisions for debits received from Comptroller of Accounts, Ministry of External Affairs on account of Travelling Expenses of foreign trips of official delegations/deputations to the extent of Rs. 35,074 and debits to the extent of Rs. 75,257 on purchase of stores etc. received from time to time through Department of Supply and Railways authorities.

3. The excess of Rs. 1,92,929 under the head A.1-Secretariat was offset by savings to the tune of Rs. 49,856 under other heads in the Grant resulting in a net excess of Rs. 1,43,073. In view of the circumstances explained above, the excess of Rs. 1,43,073 which is less than 1 per cent of the sanctioned Grant may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

The Note has been vetted by Audit.

APPENDIX IV

MINISTRY OF EXTERNAL AFFAIRS

Grant No. 34—Ministry of External Affairs

(Revenue Section—Voted)

	(Rupees)
Original Grant	103,23,37,000
Supplementary Grant	..
Final Grant	103,23,37,000
Actual expenditure	105,04,97,333
Excess	1,81,60,333

The excess of Rs. 1,81,60,333 was the net result of excesses and savings under the various heads in the grant and is mainly attributable to the gross excess of Rs. 302.36 lakhs under head "C.7—Other Expenditure—C.7(3)—Other Schemes" and was on account of visit of more delegations to U.N.O. than anticipated and fluctuations in rates of exchange for which the extent of additional requirement could not be fully determined. At the time of reappropriation of funds in the grant at the close of the financial year 1977-78, it was expected that the additional requirement under this head would be Rs. 105.44 lakhs only which would be met by savings under other heads in the Grant. The actual excess, however, amounted to Rs. 302.36 lakhs, resulting in a net excess of Rs. 181.60 lakhs under the Revenue Section of the Grant after taking into account the savings under other heads. The excess came to light after the close of the financial year when it was not possible to provide funds.

In view of the circumstances explained above, the excess of Rs. 1,81,60,333 may kindly be recommended for regulation by Parliament under Article 115(1)(b) of the Constitution.

The Note has been seen by Audit.

APPENDIX V

MINISTRY OF FINANCE

(Department of Revenue)

Grant No. 45—Union Excise Duties

REVENUE SECTION	(Rupees)
Original Appropriation	88,000
Actual Expenditure	1,31,235
Excess	43,235

Against the original provision of Rs. 88,000 in the 'Charged' Portion of the Grant No. 45—Union Excise Duties for 1977-78, the actual expenditure amounted to Rs. 1,31,235 leaving an uncovered excess of Rs. 43,235 which requires to be regularised.

The above excess occurred under the head 'A-Union Excise Duties'—'A-2-Collection Charges'—'A-2(1) Collectorate Headquarters' in Baroda Central Excise Collectorate wherein a total amount of Rs. 82,135.45 had to be deposited in the Court of 2nd Civil Judge (S.D.) Baroda in satisfaction of decrees awarded by the Court in three civil suits in favour of M/s. Jyoti Ltd., Baroda. The Collector of Central Excise, Baroda reported the cases to Government in November, 1977. The payment of aforesaid amount was authorised in February, 1978 subsequent to the submission of proposals for the last batch of Supplementary Demands for Grants for 1977-78. A part of the expenditure was covered by savings available in the 'Charged' Portion of the Grant and the residuary excess of Rs. 43,235 remained uncovered which may kindly be recommended for regularisation by Parliament under article 115(1)(b) of the Constitution.

This note has been vetted by Audit.

APPENDIX VI

MINISTRY OF HEALTH AND FAMILY WELFARE

(Department of Health)

Grant No. 48—Ministry of Health and Family Welfare

Revenue Section (Voted)	(Rupees)
Original Grant .	84,51,000
Supplementary Grant	
Final Grant	84,51,000
Actual Expenditure	87,13,458
Excess	2,62,458

The excess resulted from gross excess of Rs. 4,45,462 under head "A1(1)—Department of Health" due mainly to the following.—

	Rs.
(i) Salaries . . .	1,92,233
(ii) Office Expenses .	2,45,429
(iii) Travel Expenses .	64,000

(i) above

This was due to amalgamation of the Pay and Accounts Offices of the Departments of Health and Family Welfare into one unit provided for under the Department of Health and reimbursement of leave salary in respect of CGHS doctors on deputation to autonomous bodies. There was some delay in computing the leave salary payable.

(ii) above

This resulted from inescapable expenses on telephones, postage, telegrams, P.O.L., stationery articles, repairs of typewriters, electrical calculators etc. A significant portion of this expenditure was

consequent on introduction of Rural Health Scheme from 2nd October, 1977. The above excesses were offset by savings under other heads in the Grant resulting in a net excess of Rs. 2,62,458 which requires to be regularised.

(iii) *above*

This was due partly to amalgamation of the Pay and Accounts Offices into one unit as also to settlement of Indian Airlines bills.

Trends of excess expenditure were noticed in February, 1978 but a proposal for Supplementary Grant therefor was not processed in the hope that it may be possible to cover the same out of savings. This expectation did not, however, materialise resulting in an excess of Rs. 2,62,458.

It is requested that in the circumstances, the excess of Rs. 2,62,458 may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution of India.

The Note has been vetted by Audit.

APPENDIX VII

MINISTRY OF HOME AFFAIRS

Grant No. 54—Police

Capital Section	Rs.
Original Grant (Voted)	6,50,00,000
Supplementary Grant	
Final Grant .	6,50,00,000
Actual Expenditure	6,56,91,636
Excess	6,91,636

2. Against the sanctioned grant of Rs. 6,50,00,000, the actual expenditure amounted to Rs. 6,56,91,636 resulting in an excess of Rs. 6,91,636 which occurred under the following head:—

AA—Capital Outlay on Public Works:

AA. 1.—Construction:

Sanctioned Grant	Actual Expenditure	Excess
Rs.	Rs.	Rs.
6,50,00,000	6,56,91,636	6,91,636

The excess expenditure was due to higher cost of materials and labour for which the bills from CPWD were received at the fag end of the year and were adjusted in accounts for 1977-78.

In view of the circumstances explained above, the excess of Rs. 6,91,636 may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

This has been seen by Audit.

APPENDIX VIII

DEPARTMENT OF SCIENCE AND TECHNOLOGY

Grant No. 78—Survey of India

Revenue Section (Voted)

	(Rupees)
Original Grant .	18,60,00,000
Supplementary Grant	Nil.
Final Grant	1,68,00,000
Actual Expenditure	1,73,10,080
Excess . .	5,10,080

2. The excess of Rs. 5,10,080 was the net result of excesses and savings under various heads in the Grant and was mainly attributable to the excess expenditure incurred under the head 'A-Scientific Survey and Research—Survey of India A-3—Development Project Surveys'. The excess under this head arose mainly due to an excess expenditure of Rs. 36.81 lakhs on arrears of salaries due to refixation of pay of Grade II (now Group 'C') staff under Central Civil Services (Revised Pay) Rules, 1973, during the year. At the time of review of the Grant it was expected that it would be possible to meet this expenditure out of likely savings in the Grant and accordingly a Supplementary Grant was not sought. This expectation however, did not fully materialise, in-as-much as certain debits for freight charges etc. on photogrammatric machines were received from the Pay and Accounts Officer, Department of Supply during the last days of March, 1978, the payments for which had to be arranged by the Director, South Eastern Circle, Bhubaneswar during 1977-78. This resulted in an excess expenditure of Rs. 5,10,080; it came to light only after the last batch of Supplementary Demands for Grants for 1977-78 had been presented to Parliament when it was not possible to provide additional funds.

3. In view of the circumstances explained, it is requested that the excess of Rs. 5,10,080 may kindly be recommended for regularisation in accordance with article 115(1)(b) of the Constitution.

This has been seen by Audit.

APPENDIX IX

MINISTRY OF WORKS AND HOUSING

Finance Division—Budget Section

Grant No. 95—Public Works

Revenue Section: Voted'	(*Rupees*)
Original Grant	64,48,66,000
Supplementary Grant	5,36,42,000
Final Grant	69,85,08,000
Actual Expenditure	74,34,17,536
Excess	4,49,09,536

2. The Original Grant of Rs. 64,48,66,000 was augmented by obtaining Supplementary Grant of Rs. 5,36,42,000 in March 1978. Against the Final Grant of Rs. 69,85,08,000, the actual expenditure amounted to Rs. 74,34,17,536 leaving an uncovered excess of Rs. 4,49,09,536. The above excess is the net result of excesses and savings under various heads of the Grant and occurred mainly under the following heads:—

Head	Sanctioned Grant	Actual Expenditure	Excess
A.—Public Works			
A.7 Suspense A.7(1) Stock	14,80,00,000	18,50,76,791	3,70,76,791
A.7(2)—Purchases	25,06,42,000	24,42,75,894	2,36,33,894

3. The above excess occurred mainly due to the following:—

(1) Procurement of more quantities of steel and cement to meet urgent need for new works undertaken during year 1977-78.

(2) Increase in the cost of material and labour charges during the year.

(3) Adjustment of outstanding book debits of Rs. 2,36,33,894 in respect of transactions pertaining to pre-departmentalisation period. The delay in adjustment of debits is mainly due to time lag in the verification of claims in the Divisional Offices.

4. Under the existing accounting procedure, transaction of stocks and purchases get reflected a number of time in accounts leading to overall excesses. This position has since been examined by a Committee consisting of a Superintending Engineer from the C.P.W.D. and Controller of Accounts from the Departmentalised Accounts Wing of the Ministry, which was set up in November 1978 in pursuance of the recommendations made by the Public Accounts Committee in their 104th Report (6th Lok Sabha). The Committee's suggestions are being processed further and it is hoped that follow-up action would lead to significant improvement in future.

The above excess was counter-balanced by savings under other sub-heads leading to an uncovered excess of Rs. 4,49,09,536.

In view of the circumstances explained above, the net excess of Rs. 4,49,09,536 over the sanctioned Grant may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution.

This has been vetted by Audit.

APPENDIX X

MINISTRY OF DEFENCE

D (Budget)

Grant No. 23—Defence Services—Army—(Charged Expenditure)

	(*Rupees*)
Original Appropriation	9,80,000
Supplementary Appropriation	4,20,000
Total sanctioned Appropriation .	14,00,000
Actual Expenditure	15,86,990
Excess	1,86,990

2. A provision of Rs. 9,80,000 was made in the Budget Estimates for 1977-78 which was increased to Rs. 14,00,000 through a supplementary appropriation of Rs. 4,20,000 obtained in March 1978. The actual expenditure during the year, however, amounted to Rs. 15,86,990 resulting in an uncovered excess of Rs. 1,86,990.

3. Provision for Charged Expenditure is made for meeting payments in satisfaction of court decrees etc. Such payments, by their nature, cannot be foreseen with exactitude and hence it is often not possible to make a precise estimate of the expenditure on this account. As such provision for charged expenditure is made on *ad hoc* basis. The excess occurred under Sub-heads A A-9 Stores and A-11. Other Expenditure due to more payments, than anticipated in satisfaction of court decrees, compensation awards of Motor Accidents Claims Tribunals etc.

4. Instructions were issued in May 1978 (copy enclosed) to the Administrative Authorities to make every effort to ensure that such excesses do not occur in future.

5. In the circumstances explained above, the excess of Rs. 1,86,990 over the Charged Appropriation may kindly be recommended for regularisation by Parliament under Article 115(i) (b) of the Constitution.

DADS has seen.

Copy of instructions issued to Administrative Authorities in May, 1978

MINISTRY OF DEFENCE

D (Budget)

There has been an excess expenditure of Rs. 1,22,351 over the sanctioned Appropriation during the period 1976-77 in respect of Grant No. 21—Defence Services—Army. Payments for meeting Charged Expenditure are normally made against specific allotments of funds by the Controlling authorities. The question of excess expenditure over sanctioned Appropriation should not, therefore, normally arise. In case funds are not available for meeting expenditure an advance from the Contingency Fund of India could be obtained to avoid such excesses.

2. All estimating authorities are requested to please ensure that excess over sanctioned Appropriation do not occur in future. In this context it is clarified that payments on account of 'Charged expenditure' should be made only after obtaining the allotment from the Government. These instructions may please be adhered to strictly in future.

Sd/- V. S. RAGHAVAN,
Deputy Secretary (Budget).

* * * *

APPENDIX XI

MINISTRY OF DEFENCE

D (Budget)

Grant No. 26—Defence Services—Pensions

Voted	*(Rupees)*
Original Grant .	111,44,95,000
Supplementary Grant	24,99,57,000
Total Sanctioned Grant	136,44,52,000
Actual Expenditure	138,06,98,413
Excess	1,62,46,413

A break-up of the provision made and the excess expenditure of Rs. 1,62,46,413 is given below:—

(In thousands of Rupees)

Sub Head	Original Grant	Supplementary Grant	Total Sanctioned Grant	Actual Expenditure	Excess expenditure as compared to total Sanctioned Grant.
1	2	3	4	5	6
A.1—Army	103,06,97	19,84,67	122,91,64	127,93,80	(+) 5,02,16
A.2—Navy	3,15,28	1,60,49	4,75,77	3,88,52	(—) 87,25
A.3—Air Force.	5,22,70	3,54,41	8,77,11	6,24,66	(—) 2,52,45
Total	111,44,95	24,99,57	136,44,52	138,06,98	(+) 1,62,46

The excess of Rs. 1,62,46 lakhs over the sanctioned grant was the net result of excess of Rs. 502.16 lakhs under A.1—Army counterbalanced by saving of Rs. 87.25 lakhs and Rs. 252.45 lakhs under A.2—Navy and A.3—Air Force respectively.

2. The sum of Rs. 103.07 crores provided in the original Grant for A.1—Army was increased to Rs. 122.92 crores by obtaining a supplementary Grant of Rs. 19.85 crores in March, 1978, which was required mainly to meet additional expenditure arising from (i) increase in the number of cases of commutation of pensions and (ii) grant of additional relief to pensioners with effect from 1st April and 1st September, 1977. However, the actual expenditure amounted to Rs. 127.94 crores involving an excess of Rs. 5.02 crores over the sanctioned Grant.

3. The total number of pensioners is over ten lakhs. The amount of pension admissible varies from individual to individual and there are various types of pensions like normal pension, Family Pension, Disability Pension etc. Besides, unlike pay, pensions are not drawn regularly and the amount actually drawn from month to month may fluctuate widely. Further, there are numerous authorities making payments on this account and they have to pass on the accounts to CDA (Pensions) who adjusts the expenditure in the accounts. Due to lack of sufficient details regarding categories of pensioners, correct classification is not at times possible. All these factors create difficulties in making an accurate assessment of the amount to be booked under each head of account in a particular financial year. Besides, the payments arising from the grant of additional relief to pensioners sanctioned during the year could not be estimated accurately. Despite these difficulties, taking an overall view, the excess of Rs. 1.62 crores works out to 1.2 per cent of the sanctioned Grant.

4. The question regarding preparation of realistic estimates by CDA(P) has been gone into recently and instructions have been issued by CGDA to CDA(P) to take into account all relevant factors besides the trend of actual expenditure. A copy of the CGDA's D.O. letter No. A/II/12115-II dated 17th February 1979 to CDA(P) is attached.

5. In the circumstances explained above, it is requested that the excess of Rs. 1,62,46,413 over the sanctioned Grant which is about 1 per cent of the Sanctioned Grant may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution.

DADS has seen.

Copy of D.O. letter No. A/II/12115-II dated the 17th February, 1979 from the Addi.CGDC

Dear

Kindly refer to your D.O. No. A/II/3795-VII dated the 6-8-77 regarding budgeting and expenditure on Defence Services pensions during 1976-77.

It was intimated in the above cited D.O. letter that the main factor contributing to the excess over sanctioned grant for pensions in 1976-77 was commutation of pension. It was also stated that the pensioners were given the facility of commutation of their pension in varying degrees depending upon whether they were commissioned Officers. Other Ranks or civilians and it could not be known with any degree of certainty whether these pensioners would exercise their option at the time of retirement or later, and when such commutations would become payable.

The Public Accounts Committee to whom above position was explained are not satisfied and have remarked that in view of the fact that there should always be time-lag between the finalisation of application for commutation and drawal of commuted value of pension by pensioners, the magnitude of entitlements is comparatively easily ascertainable with some precision.

I may mention that with the issue of Ministry of Defence, New Delhi letter No. B/40323/AG/PS4(C)65/374(15) (Pensions/Services) dt. 10-5-78 as amended *vide* their corrigendum No. B/40323/AG/PS4 (c)/1858/A/D (Pension/Services) dated 18-10-78, the commutation can be sanctioned without medical board and is also permissible to be notified with pension in the case of commissioned Officers and personnel before the date of retirement. Obviously, a vast majority of pensioners would avail of the benefit under this scheme. Accordingly, the element of uncertainty will be eliminated to a large extent. We feel that there would be no difficulty in estimating the accurate impact on account of commutation especially at Revised Estimates stage.

With a view to avoiding any adverse criticism from higher authorities, I shall be grateful if suitable measures are instituted at your end to ensure preparation of realistic estimates by taking all relevant factors into account.

CGDA has seen.

Yours

APPENDIX XII

MINISTRY OF RAILWAYS
(Railway Board)

Part I—Review

1.1. During the year 1977-78, there was an overall saving of Rs. 126.99 crores over the total final grants and appropriations, resulting from an aggregate saving of Rs. 168.34 crores under 15 voted grants and 12 charged appropriations and an aggregate excess of Rs. 41.35 crores under 6 voted grants. Under 2 voted grants, there was no variation.

1.2. The particulars of the 6 voted grants, under which excesses occurred during the year, are indicated in Annexure 'A'.

1.3. The amount of excess in each of the six cases has been shown in Para 6 of the Report of the Comptroller and Auditor General of India for the year 1977-78 Union Government (Railways) as also in Para 33 of the Appropriation Accounts of Railways in India for 1977-78, Part I—Review. The excesses to be regularised by Parliament are, however, to take into account the erroneous adjustments as between grants/appropriations. Annexure 'A' of this note shows (a) figures of excesses as given in the above mentioned publications and (b) the real excesses, worked out after taking into account various misclassifications, which also require regularisation.

1.4. It may be submitted that every care is taken (a) to assess the expenditure under various grants/appropriations as precisely as possible and (b) to obtain supplementary allotments, where necessary, so that the excesses are avoided to the maximum extent possible.

1.5. Public Accounts Committee are requested to recommend the regularisation of these excesses by the Parliament in the manner prescribed under Article 115 of the Constitution of India.

1.6. This has been seen by Audit.

Part II—detailed Note furnished by the Ministry of Railways (Railway Board) in respect of Excesses under each of the Grants/Appropriations.

Voted Grant No. 16—Pensionary charges—Pension Fund.—Excess of Rs. 4,30,00,263 *over final grant of Rs.* 46,33,14,000.

2.1. This grant deals with the payment of pensionary charges to the railway staff covered by the pensionary form of retirement benefits.

1880 LS—6.

2.2. Grant of Rs. 38.41 crores was taken at Budget Estimates stage for meeting the payments expected to be made to the staff who retired from railway services under the pensionary form of retirement benefits. A supplementary grant of Rs. 7.92 crores was obtained in March 78 for anticipated more payments arising out of the adjustment of arrear pension debits, enhanced benefits granted to the pensioners with effect from 1-4-77 and effect of new pension optees, making the final grant of Rs. 46.33 crores.

2.3. The excess of Rs. 4.30 crores occurred due to receipt of unexpected more pensionary debits from civil accounts offices (Rs. 4.03 crores), settlement of more cases of death-*cum*-retirement gratuity (Rs. 0.51 crore); partly offset by saving due to less finalisation of pension cases (Rs. 0.13 crore) and aggregate of minor variations (Rs. 0.06 crore). The excess works out to 9.28 per cent over the final grant.

2.4. There was no misclassification relating to this grant and therefore the excess requiring regularisation by the Parliament is Rs. 4,30,00,263.00.

Voted grant No. 17—Repayment of loans from General revenues and interest thereon—Development Fund. Excess of Rs. 677 over the final grant of Rs. 8,38,96,000.

3.1. This grant deals with the repayment of loans and payments of interest on such loans, taken temporarily from the General Revenues to finance the Railway Development fund, in accordance with the recommendations of Railway Convention Committee 1954, which were also endorsed by the Railway Convention Committees—1960, 1965 and 1971.

3.2. At Budget Estimates stage, a grant of Rs. 8.39 crores was taken towards payment of interest on the loans taken for Development Fund from General Revenues. No supplementary grant was taken in this case.

3.3. Excess of Rs. 677 occurred under this grant, due to calculation of interest in units of rupees.

3.4. There was no misclassification relating to this grant and, therefore, the excess requiring regularisation by the Parliament is Rs. 677.

Voted grant No. 18—Revenue—Appropriation to Development Fund. Excess of Rs. 42,26,070 over the final grant of Rs. 34,18,38,000.

4.1. This grant deals with the appropriation to Development Fund, out of the Railway revenue surplus for the year.

4.2. At Budget Estimate stage, grant of Rs. 26.65 crores was taken for appropriation to Development Fund, from revenue surplus. Due to more surplus anticipated at the Revised Estimate stage (*i.e.* Rs. 89.32 crores against the Budget Estimates of Rs. 32.50 crores), supplementary grant of Rs. 7.53 crores was taken in March 78, making the total final grant of Rs. 34.18 crores.

4.3. Excess of Rs. 0.42 crore occurred under this grant due to actual surplus exceeding the anticipations and consequent more appropriation from surplus to this fund. The excess works out to 1.24 per cent over the final grant.

4.4. There was no misclassification relating to this grant and therefore, the excess requiring regularisation by the Parliament is Rs. 42,26,070.

Voted Grant No. 19—Revenue—Appropriation to Revenue Reserve Fund. Excess of Rs. 36,48,97,048 over the final grant of Rs. 55,13,37,000.

5.1. This grant deals with the Appropriation to Revenue Reserve fund, from the Railway revenue surplus for the year.

5.2. At Budget Estimate stage, grant of Rs. 5.84 crores was taken for appropriation to Revenue Reserve Fund from the Railway revenue surplus, expected at that stage. Due to more surplus anticipated at the Revised Estimate stage (*i.e.*, Rs. 89.32 crores against the Budget Estimate of Rs. 32.50 crores), supplementary grant of Rs. 49.29 crores was taken making the total final grant of Rs. 55.13 crores.

5.3. Excess of Rs. 36.49 crores occurred, due to appropriation of more surplus to this grant, as the actual surplus was Rs. 126.23 crores against the surplus of Rs. 89.32 crores anticipated at Revised Estimates stage. The excess works out to 66.18 per cent over the final grant.

5.4. There was no misclassification relating to this grant and therefore the excess requiring the regularisation by the Parliament is Rs. 36,48,97,048.

Voted Grant No. 20—Revenue—payment towards amortisation of overcapitalisation, repayment of loans from General Revenues and interest thereon—Revenue Reserve Fund. Excess of Rs. 59 over the final grant of Rs. 1,80,55,28,000.

6.1. This grant deals with the withdrawal from Revenue Reserve Fund for repayment of loans taken from General revenues for this fund and interest on the outstanding loans.

6.2. At the Budget Estimate stage grant of Rs. 180.55 crores was taken for repayment of loans instalments (Rs. 160.74 crores) and interest on outstanding loans (Rs. 19.81 crores). No supplementary grant was taken.

6.3. Excess of Rs. 59 was due to calculation of interest in units of rupees.

6.4. There was no misclassification relating to this grant and therefore the amount requiring regularisation by the Parliament is Rs. 59.

Voted grant No. 21-Revenue-Appropriation to Accident Compensation, Safety and Passenger Amenity fund, Excess of Rs. 14,50,747 over final grant of Rs. 9,86,11,000.

7.1. This grant deals with the appropriation to Accident Compensation, Safety and Passenger Amenity fund based on the receipt from surcharge levied on passenger traffic to cover the additional liabilities of the Railways towards payment of the enhanced amount of compensation to the passengers killed or injured in the railway accidents etc.

7.2. At Budget Estimate stage grant of Rs. 9.23 crores was taken. Supplementary grant of Rs. 0.63 crore was obtained in March 78 on the anticipation of the more receipt from surcharge making the final grant of Rs. 9.86 crores.

7.3. Excess of Rs. 14,50,747 occurred under this grant mainly due to more appropriation of Rs. 19,60,705 by North Eastern Railway on account of assumption of higher figures of originating passenger traffic, for working out the amount of surcharge on tickets. The excess works out to 1.47 per cent over the final grant.

7.4. There was no misclassification relating to this grant and therefore the amount requiring regularisation by the Parliament is Rs. 14,50,747.

ANNEXURE 'A'

Statement showing excess over voted grants as shown in para 6 of the Report of the Comptroller and Auditor General of India for the year 77-78 & also the execss worked out after taking into account the items of misclassification.

(*Figures in units of Rs.*)

Sl. No.	No. and Name of the Grant.	Original Grant	Supplementary Grant	Final Grant	Actual Expenditure	Excess (Col. 6 to Col.5)	Real excess after taking into account misclassification as listed in Annexure 'B'	Percentage of excess (Col. 7 to Col. 5)	Percentage of excess (Col. 8 to Col. 5)
1	2	3	4	5	6	7	8	9	10
1	Grant No. 16 Pensionary Charges Pension Fund.	38,40,96,000	7,92,18,000	46,33,14,000	50,63,14,263	4,30,00,263	4,30,00,263	9.28	9.28
2	Grant No. 17—Repayment of loans from General Revenue and interest thereon Development Fund.	8,38,96,000	—	8,38,96,000	8,38,96,677	677	677	Nil	Nil
3	Grant No. 18—Revenue Appropiation to Development Fund.	26,65,66,000	7,52,72,000	34,18,38,000	34,60,64,070	42,26, 070	42,26,070	1.24	1.24

1	2	3	4	5	6	7	8	9	10
4	Grant No. 19 Revenue Appropriation to Revenue Reserve Fund.	5,84,02,000	49,29,35,000	55,13,37,000	91,62,34,048	36,48,97,048	36,48,97,048	66.18	66.18
5	Grant No. 20 Revenue Payment towards Amortisation of over capitalisation—Repayment of loans from General Revenues and interest thereon.	1,80,55,28,000	—	1,80,55,28,000	1,80,55,28,059	59	59	Nil	Nil
6	Grant No. 21—Revenue Appropriation to Accident Compensation, Safety & Passengers Amenities Fund.	9,22,84,000	[63,27,000	9,86,11,000	10,00,61,747	14,50,747	14,50,747	1.47	1.47

Annexure 'B'

Statement showing working of the real excess under various grants.

Sl. No.	Particulars		Amount
	1. *Grant No.* 16—*Pensionary charges—Pension Fund.*		
1.	Excess shown in Appropriation Accounts		4,30,00,263
2.	(a) Deduct.—		
	Expenditure relating to other grants booked under Grant No. 16		Nil
	(b) Expenditure relating to Grant No. 16 booked under other grants.		Nil
	Real excess to be regularised by Parliament	1-2(a)+2(b)	4,30,00,263
	2. *Grant No.* 17—*Repayment of loans from General Revenues and interest thereon-Development Fund (Voted).*		
1.	Excess shown in Appropppriation Accounts		677
2.	(a) Expenditure relating to other grants booked under Grant No.Æ17		Nil
2.	(b) Expenditure relating to Grant No. 17 booked under other grants.		Nil
	Real excess to be regularised by Parliament.	1—2(a)+2(b)	677
	3. *Grant No.* 18—*Revenue Appropriation to Development Fund.*		
1.	Excess shown in Appropriation Accounts		42,26,070
2.	(a) Expenditure relating to other grants booked under Grant No. 18		Nil
2.	(b) Expenditure relating to Grant No. 18 booked under other grants		Nil
	Real excess to be regularised by Parliament.	1—2(a)+2(b)	42,26,070
	4. *Grant No.* 19—*Revenue—Appropriation to Revenue Reserve Fund (Voted)*		
1.	Excess shown in the Appropriation Accounts . . .		36,48,97,048
2.	(a) Expenditure relating to other grants booked under Grant No. 19		Nil
2.	(b) Expenditure relating to Grant No. 19 booked under other grants.		Nil
	Real excess to be regularised by Parliament.	1—2(a)+2(b)	36,48,97,048

5. *Grant No. 20—Renenue Payments towards Amortisation of over Capitalisation—Repayment of Loans from General Revenues and interest thereon—Revenue Reserve Fund—(Voted)*

1.	Excess shown in the Appropriation Accounts . . .	59
2.	(a) Expenditure relating to other grants booked under Grant No. 20	Nil
2.	(b) Expenditure relating to Grant No.20 booked under other grants	Nil
	Real excess to be regularised by Parliament. 1—2(a)+2(b)	59

6. *Grant No. 21—Renenue—Appropriation to Accident Compensation, Safety and Passenger Amenities Fund.*

1.	Excess shown in Appropriation Accounts	14,50,747
2.	(a) Expenditure relating to other grants booked under Grant No. 21.	Nill
2.	(b) Expenditure relating to Grant No. 21 booked under other Grants.	Nill
	Real excess to be regularised by Parliament. 1—2(a)+2(b)	14,50,747

APPENDIX XIII

(*Vide* paragraph 3.1 of the Report)

I. RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The amount of expenditure over Voted Grants and Charged Appropriations in case of Railways occuring under six Voted Grants and one Charged Appropriation during the year under review aggregated to Rs. 67.67 crores. In the case of Posts and Telegraphs the excess expenditure occurred under one grant during the year under review and aggregated to Rs. 16.20 crores and in the case of Defence Services the excess expenditure occurred under two Voted Grants and one Charged Appropriations during the year aggregating to Rs. 6.66 crores. The Committee note with satisfaction that there has been some reduction in the excesses, though not very prominent in the case of Railways and Defence. In the case of P&T, however, an upward trend is noticeable. The Committee, trust that every endeavour would be made by the Ministries concerned to ensure that the position is not allowed to deteriorate and that the excess over Voted Grants and Charged Appropriations would be kept to the barest minimum in future, if not altogether eleminated.

[S. No. 1, Appendix VI (para 1.8) of 87th Report of PAC—(Sixth Lok Sabha) 1978-79]

Action Taken

(i) *Ministry of Railways (Railway Board)*:

The Committee's observations have been circulated to the General Managers of All Indian Railways, Production Units and Metropolitan Transport Projects and they have been directed to make concerted efforts to avoid excesses in future.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 78-BC-PAC/VI/87 dated 17-11-1978/26 Kartika, 1900]

(ii) *Ministry of Communications (P&T Board)*:

Action Taken

The Public Accounts Committee's observations have been noted. Further instructions have been issued to all concerned. A copy of Memo No. 1-72/78-B (Part) dated 27-1-79 is enclosed.

This has been seen by Chief Auditor P&T Delhi.

[Ministry of Communications (P&T Board) O.M. No. 1-72/78-B (Part) dated the 27th February, 1979]

(Copy)

INDIAN POSTS AND TELEGRAPHS DEPARTMENT OFFICE OF THE DIRECTOR GENERAL OF POSTS & TELEGRAPHS

No. 1-72/78-B(Part) Dated at New Delhi-110001, the 27-1-79

To

G.M.T.S.,
Calcutta,
G.M.T.F.,
Calcutta, Jabalpur, Bombay.

SUBJECT.—*Excess Expenditure over Sanctioned Grant under Stores & Manufacture Suspense during the year 76-77.*

During 76-77 there was an excess expenditure of Rs. 22.68 crores under the Stores & Manufacture Suspense Grant. Reasons for the excesses were furnished to the Audit who in turn placed the same before the P.A.C.

2. While recommending regularisation of the excess during 76-77, the P.A.C. have highlighted the instances of excess expenditure which occurred under this Grant successively during the 4 years commencing from 73-74 to 76-77. An extract of para 2.28 of the 87th Report of the P.A.C. is enclosed for your information and necessary action.

3. The following figures will illustrate the excesses which had occurred under the Stores & Manufacture Suspense during the 4 years successively commencing from the year 73-74 to 76-77.

(In crores of Rupees)

Year	Grant Expenditure	Capital Works	Stores & Manufacture Suspense	Total (3+4)
(1) 73-74	Sanctioned Grant	115·30	9·67	124·97
	Expenditure	98·56	28·99	127·55
	Excess(+) Saving (—)	(—) 16·74	(+) 19·32	(+) 2·58

(2) 74–75	Sanctioned Grant.		133·06		21·94		155·00
	Expenditure Excess (+)		138·49		25·55		164·04
	Saving (—)	(+)	5·43	(+)	3·61	(+)	9.04
(3) 75–76	Sanctioned Grant		172·18		20·36		192·54
	Expenditure Excess (+)		179·93		24·56		204·49
	Saving (—)	(+)	7·75	(+)	4·20	(+)	11·95
(4) 76–77	Sanctioned Grant.		214·53		18·51		233·04
	Expenditure Excess (+)		208·10		41·14		249·24
	Saving (—)	(—)	6·43	(+)	22·63	(+)	16·20

4. In this connection, instructions were issued from time to time for regulating the expenditure within the sanctioned Grant. Recent instructions are contained in this office memo. No. 1-32/77-B dated 11-4-78, copy enclosed for ready reference. Suitable steps may be taken to adhere to these instructions and to ensure proper utilisation of the Grant placed at your disposal avoiding excesses or lapses.

5. Adjustments relating to the previous years should be carried out in the accounts after satisfying the availability of the funds in the Budget for the purpose. Suitable provision of funds should also be made at the various budgetary stages according to requirements and the latest actuals.

Kindly acknowledge receipt of this letter.

Sd/-

(MOHINDAR PAL SINGH)
Dy. Director General (TA)

DA: As above.

Copy to:—(1) All Heads of Telecom.Circles/Districts.
(2) All GMMs/GMPs
(3) GM, T&D Circle, Jabalpur.

The requirements of stores may be arranged to be estimated as accurately as possible with reference to the Capital Works Programme and the stores provision in the budget utilised to the maximum extent.

It may also be ensured that the indents for stores are released promptly and stores issued by the Depots are lifted and utilised in works without loss of time.

Sd/-
(MOHINDAR PAL SINGH)
Dy. Director General (TA)

Action Taken on the Recommendations Contained in the 87th Report (6th Lok Sabha) of the P.A.C. Excess Over Voted/Charged Appropriation (P&T) for the Year 1976-77 and the Action Taken by the Government on the Recommendations contained in their 38th Report.

The Committee find that during 1976-77, excess expenditure of Rs 16.20 crores had been incurred under Grant No. 19—Capital Outlay on P&T. The Excess has occurred successively for the fourth year. There was excess expenditure of Rs. 11.95 crores in 1975-76, Rs. 9.04 crores in 1974-75 and Rs. 2.58 crores under this grant during the year 1973-74 also. But for savings, the actual excess in one part of the Grant *viz.*, Stores and Manufacture Suspense, during 1976-77, would have been Rs. 22.64 crores. It is significant that but for the savings, the real excess would have been much more and it only shows the extent to which estimates were over-pitched in so far as 'works portion' of the Grant is concerned. The Committee are concerned over the fact that excess over authorisd expendiure under this grant has become a recurring phenomenon. Since the Ministry of Communications (P&T—Board) have issued instructions to the field units to estimate their requirements more accurately in future, the Committee trust that these would be scrupulously followed so as to reflect improvement in the budgeting control in the future Appropriation Accounts. The Committee would also like to reiterate their earlier observation contained in paragraph 2.64 of their 180th Report (Fifth Lok Sabha) and would like the Ministry to examine whether there are any inherent defects in the existing system and to take suitable remedial measures for ensuring that adequate provision is made in the Budget Estimates itself for meeting past liabilities.

[Sl. No. 9 Appendix VI Para 2.28 of 87th Report of the P.A.C. (6th Lok Sabha)]

(*COPY*)

INDIAN POSTS AND TELEGRAPHS DEPARTMENT
OFFICE OF THE DIRECTOR GENERAL OF
POSTS AND TELEGRAPHS

No 1-32/77-B Dated at New Delhi-1, the 11-4-1978.

To

General Manager, Telecom. Stores,

Calcutta-700013.

SUBJECT.—*Regularisation of excess expenditure over sanctioned provision in Grant No.* 17—*Capital Outlay on Posts and Telegraphs* 1975-76.

The final accounts of the Department during the past four years or so have revealed that there has been excess over sanctioned Grant in the Stores Suspense portion of the Capital Grant, necessitating regularisation of such excess expenditure by Parliament every year. Detailed explanations for the excess expenditure had to be given to the satisfaction of the Public Accounts Committee, before they could recommend the regularisation of the same. The Committee have taken a very serious view of the annual phenomenon of excess over sanctioned Grant under Capital Demand and have desired that effective steps should be taken to achieve proper budgetary control in future.

An analysis of the excess over Grant under Stores Suspense for the past few years shows that the main reason contributing to the excess expenditure has been the shortfall in issues of stores to works. While the procurement of stores has been kept more or less at the estimated level, the issues from the Stores Organisation have been far below the budgetted figure, resulting in excess in the Net debit i.e. Grant. This has also led to the unhealthy and uneconomical trend of accumulation of stock.

Urgent and effective action is necessary to arrest this trend, by streamlining the machinery for issue of stores so that issues in a particular year are on par with the procurement and in no case below the budgetted level. Instructions may be issued to the Main Depots and the Circle Depots to step up the pace and quantities of issues and to avoid accumulation of stock and outstanding items. If any difficulties are faced by the Depots in this connection, imme-

diate corrective action may be taken in consultation with the concerned Telecom. Circle/District. Separate instructions are also under issue to the Telecom. Circle/District in this regard. No efforts should be spared for achieving the object of increased issues of stores, so that the Department does not face the prospect of excess expenditure over sanctioned Grant under Stores Suspense in future.

While furnishing the information relating to estimates of procurement and issues to this office, it may please be ensured that the same is prepared on a realistic basis, so that there is no wide variation between the sanctioned estimates and actual performance.

Kindly acknowledge receipt of this letter.

Sd/-
(MOHINDAR PAL SINGH)
Deputy Director General (TA)

Copy to:—

(1) All Heads of Telecom. Circles/Districts.
(2) All GMMs/GMPs
(3) GM, T&D Circles Jabalpur.

They are requested to ensure that stores indented from the Depots are lifted and utilized in works expeditiously. The estimates of stores requirements may be prepared accurately with reference to Capital Works programme and the stores provision in the budget utilized to the maximum extent.

Sd/-
(MOHINDAR PAL SINGH)
Deputy Director General (TA)

(iii) **Ministry of Defence:**

The recommendation of the Committee in so far as it relates to the Ministry of Defence is noted and every endeavour will be made to ensure that the excess over Voted Grants/Charged Appropriations are kept to the barest minimum in future, if not altogether eliminated.

2. As indicated in the Action Taken Note of this Ministry on the recommendation contained in Para 1.8 (Sl. No. 1 of Appendix XXXVII) of the Thirty Eighth Report of the Public Accounts Committee (Sixth Lok Sabha) sent under the Ministry's No. F.11(3)/78-D (Budget) dated 20th July, 1978, suitable instructions have been issued to all concerned for taking appropriate and concrete remedial

measures to curb down the tendency of excess expenditure over Voted Grants and Charged Appropriations.

DADS has seen.

[Ministry of Defence No. 11(11)-78/D(Budget) dated 15th February, 1979.]

(iv) Ministry of Finance (Department of Expenditure):

The above recommendations have been circulated to all Ministries/Departments of the Government of India *vide* this Ministry's O.M. No. F.12(15)-E(Coord)/78, dated the 6th February, 1979 (copy enclosed).*

[Ministry of Finance (Department of Expenditure) O.M. No. E.12(15)-E(Coord)/78, the 6th February, 1978.]

Recommendation

According to the revised time schedule agreed to by the Committee in April, 1974, explanatory notes on Excesses over Voted Grants and Charged Appropriations are required to be submitted to the Committee by 31 May or immediately after the presentation of the Appropriation Accounts to Parliament, whichever is later. The Committee are happy to note that explanatory notes relating to 9 Grants/Appropriations administered by various Ministries were received within the period prescribed in the revised time schedule *i.e.*, by 31 May, 1978 and only two notes relating to Grants/Appropriations administered by the Ministry of Defence were received on 14 June, 1978, *i.e.* 14 days after the expiry of the prescribed period. The Committee trust that every endeavour would be made by all concerned to ensure scrupulous adherence to the schedule in this regard.

[Serial No. 2, Appendix VI (Para 2.2) of the Eighty Seventh Report of the PAC (Sixth Lok Sabha.]

(i) Ministry of Defence:

Action Taken

The Appropriation Accounts (Defence Services), 1976-77 had revealed excesses in two Voted Grants and one Charged Appropriation as indicated below:—

Voted Grants:

1. Grant No. 21—Defence Services—Army.
2. Grant No. 24—Defence Services—Pensions.

Charged Appropriations:

1. No. 21—Defence Services—Army.

*Reproduced elsewhere in this Report.

The explanatory note for regularisation of the excess under Grant No. 24—Defence Services—Pensions was submitted on the 2nd May, 1978, *i.e.*, within the prescribed time limit of 31st May, 1978. The explanatory note covering the other two cases (vig, Voted and Charged portions of Grant No. 21—Defence Services—Army) was submitted on the 14th June, 1978, i.e. after a delay of 14 days. The explanatory note relating to Grant No. 21 which was originally prepared, shown to DADS and sent to the Ministry of Finance (Department of Economic Affairs) on the 29th May, 1978 (i.e., within the prescribed time schedule) and to be revised subsequently in the light of certain facts that had come to light at a very late stage and this resulted in the delay of 14 days in the submission of the note.

The recommendation of the Committee in so far as it relates to the Ministry of Defence is noted and every endeavour will be made to ensure scrupulous adherence to the time schedule prescribed for submission of the explanatory notes.

DADS has seen.

[Ministry of Defence u.o. No. 11(17)/78-D(Budget) dated 15th February, 1979.]

(ii) Ministry of Finnace (Department of Economic Affairs):

The Committee's observations have been noted.

[Ministry of Finance (Department of Economic Affairs) O.M. No. F.8(98)-B(R&A)/78 dated the 28th December, 1978.]

Recommendation

2.14. The Committee note that there was no original provision under Grant No. 19—Revenue—Appropriation to Revenue Reserve Fund, as the whole of the surplus anticipated at the budget stage was appropriated to the Development Fund. A Supplementary Grant of Rs. 10.98 crores was obtained in March, 1977 to be appropriated from the anticipated revenue surplus of Rs. 35.67 crores. The actual revenue surplus was Rs. 87.24 crores on account of increase in gross traffic receipts. Out of this Rs. 61.39 crores were credited to the Revenue Reserve Fund. Taking into account the final provision of Rs. 10.98 crores, the net excess aggregate to Rs. 50.41 crores. This excess of Rs. 50.41 crores works out to 459.24 per cent of the final grant of Rs. 10.98 crores. Similarly, there was an excess of Rs. 1.16 crores under Grant No. 18—Revenue—Appropriation to Development Fund, arising out of the revenue surplus.

In March, 1977, a supplementary Grant of Rs. 15.71 crores was obtained out of the anticipated revenue surplus, bringing the final grant at Rs. 24.69 crores. The excess occurred mainly due to surplus exceeding the anticipation, as the result of the improvement in the Railways' gross traffic receipts.

2.15. While appreciating that the excess under Revenue Appropriation to Revenue Reserve Fund out of the surplus earnings cannot be treated on par with excess expenditure in the normal sense, the Committee feel that a more precise quantification of the revenue surplus was possible at the time of framing the Revised Estimates in March, 1977, thereby curbing to some extent the excess under this head. This was possible particularly in view of the fact that the Railway Administration is required to review continuously the ways and means and resources position of the Railways, which includes estimation of the gross traffic receipts. The Committee would like to know the basis adopted for making original/revised estimates to ascertain where the things have gone wrong resulting in such a large variation.

[S. Nos. 3 and 4, Appendix VI (Paras 2.14 and 2.15) of 87th report of PAC 1978-79.]

Action Taken

The Committee have commented on the increase in appropriations to Revenue Reserve Fund (Rs. 50.41 crores) and Development Fund (Rs. 1.16 crores), arising from the increase of Rs. 51.57 crores in the net surplus as compared to the Revised Estimate for the year. While the actual financial results of 1976-77 showed minor variations from the Revised Estimate under Passenger other Coaching and Sundry Earnings as also in the Working Expenses and Dividend Payments to General Revenues, the principal categories contributing to the increase in surplus were (a) increased Goods Earnings (Rs. 31.68 crores) and (b) increased realisation of dues outstanding under Traffic Suspense (Rs. 22.29 crores). The improvement in the above two categories aggregating to Rs. 53.97 crores was partly off set by the variations in the remaining categories referred to above resulting in the net increase in surplus of Rs. 51.57 crores. The position under the above two categories is explained in the following paragraph.

The Budget Estimate of Goods Earnings for 1976-77 was framed on an estimated originating revenue loading of 202 million tonnes which assumed an increase of 12 million tonnes over the Revised Estimate of the previous year *i.e.* 1975-76. While framing the Revised Estimate for 1976-77, the target of anticipated revenue loading was

raised to 206 million tonnes which took into account the provisional figures of performance for the 9 months April—December, 1976 totalling 153.59 million tonnes and estimated loading in the remaining three months of 52.41 million tonnes. This was in line with the normal practice of framing the Revised Estimate on the basis of the latest data available, so that the variations of actuals from the estimated figures are limited to the performance of the last quarter. In this instance, the estimate for the last quarter provided for an average monthly loading of 17.47 million tonnes, as against actual average of 17.07 million tonnes, for the first nine months. However, the actual loadings during the three months period far exceeded the anticipation and resulted in an excess of 6.6 million tonnes in revenue loading for the year over the Revised Estimates of 206 million tonnes. This substantial increase in originating loading which could not be anticipated while framing the Revised Estimate for the year contributed to extra Goods earnings of Rs. 31.68 crores over the Revised Estimate.

As regards Traffic Suspense, it may be mentioned that in the past, the amount of earnings actually realised in a year was invariably less than the total earnings accrued due to some part of the earnings remaining unrealised. While the Revised Estimate of earnings for a year is fixed with reference to the anticipated quantum of traffic as observed from the month-by-month trends, the Revised Estimate of accretion to Traffic Suspense cannot be based on the trends of realisation noticed in the course of the year. This is because in respect of major customers like Steel Plants, Electricity Boards, other Public Sector units, etc. who enjoy the delayed payment facility substantial realisation of Railway dues is effected in the last part the financial year, more particularly in the month of March. The normal practice, therefore, is to fix the Budget and Revised Estimate of Traffic Suspense with reference to the trends of immediate preceding years on the basis of forecasts furnished by the Zonal Railways.

While framing the Budget Estmate for 1976-77, the actuals for 1974-75 were available, which showed an accretion in Suspense in that year of as much as Rs. 30.09 crores. The Revised Estimate for 1975-76 and Budget Estimate for 1976-77 were fixed so as to provide for accretion of Rs. 25 crores and Rs. 20 crores respectively. In framing the Revised and Budget Estimates as above, it was observed that during 1975-76 the position of realisation of freight etc. dues from the State Electricity Boards, Steel Plants and other Public Sector Undertakings, was somewhat slow due to the difficult ways and means of these units and that the position was not expected to improve materially in 1976-77.

In the Revised Estimate 1976-77, the provision under Traffic Suspense was fixed at (—) Rs. 21.55 crores based on the estimates furnished by the Zonal Railways. The increase of Rs. 1.55 crores was mainly on account of the increased earnings expected from the higher traffic and the anticipation based on the past trend that a part thereof will remain unrealised.

While the provision in the R.E. was thus made on the basis of previous trends, the Railway Administrations were asked to launch a concerted drive and to make all out efforts to realise the maximum amounts of outstanding dues from the customers. This drive produced good results during the last quarter of the financial year. The higher realisation was also partly helped by the improved ways and means position of the major customers in the Public Sector. Thus against the provision of (—) Rs. 21.55 crores in the Revised Estimates for the year 1976-77, the actuals amounted to (+) Rs. 0.74 crore, leading to a net improvement in realisation of earnings to the extent of Rs. 22.29 crores.

This has been seen by Audit.

[Ministry of Railways (Rly. Boards') O.M. No. 78-BC-PAC/VI/87 dated 10th May, 1979/20 Vaisakha 1901.]

Recommendation

2.16. It is seen from the Action Taken Note furnished to the Committee in April, 1978 on the recommendations contained in their 38th Report (Sixth Lok Sabha) that the Zonal Railways have been asked to examine the existing procedure of estimation and the budgeting and to further stream-line them so as to avoid recurrence of such inadequate estimation in future. The Committee are of the view that the system of budgeting adopted by Zonal Railways needs a closer examination with a view to bring about the desired improvement through future Appropriation Accounts. A copy of the instructions issued in this behalf to the General Managers of the Railways may also be furnished to the Committee.

[Serial No. 5, Appendix VI (Para 2.16) of 87th Report of PAC 1978-79.]

Action Taken

A copy of the instructions issued in the light of the PAC recommendation's contained in their 38th Report is attached.

As regards the system of budgeting adopted by the Zonal Railways, it may be mentioned that certain major modifications in the structure of Demands and the Accounting Classifications are being

introduced from 1979-80 on the basis of the recommendations of the Task Force appointed in terms of the recommendations of the Railway Convention Committee 1971. In the new arrangements the accounting classification has been brought in line with the Budget heads both for Revenue and for Works Expenditure so as to facilitate more purposeful monitoring of the trend of expenditure from month to month for better budgetary control.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 78-BC-PAC/VI/87 dated 10th May, 1979/20 Vaisakha, 1901.]

(COPY)

GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
(RAILWAY BOARD)

No. 76 App/7-2/75-76 *New Delhi, Dated* 6-3-1978.

General Managers,
All Indian Railways and
C.L.W., D.L.W., I.C.F.,
M.T.Ps., Bombay, Calcutta, Delhi and Madras.

REG.—Excess over Voted Grants/Charged Appropriation for the year 1975-76—recommendations of the Public Accounts Committee.

During the year 1975-76, the actual expenditure exceeded under 12 grants and one charged appropriation as indicated in the statement enclosed. The Public Accounts Committee *vide* recommendation No. 2.73 and 2.74 of their 38th Report 1977-78—(6th Lok Sabha) as reproduced below, have adversely commented upon these excesses special under Grant No. 8, Grant No. 15 and Grant No. 16.

Para 2.73. The Committee find that excess expenditure occurred under 12 Voted Grants out of a total of 23 Voted Grants and under one Charged Appropriation out of a total of 12 Appropriations administered by the Ministry of Railways aggregating Rs. 85.79 crores. The percentage of real excess works out to 10.76 under Grant No. 8 and 16.18 under Grant No. 16. That the position should deteriorate to this extent after the year 1973-74 which did not witness any excesses, calls for concerted effort to indentify the reasons for deterioration with a view to adopting appropriate remedial measures.

Para 2.74. The Committee note that the excess expenditure under Grant No. 15—Open Line Works—Capital, Depreciation Reserve Fund and Development Fund, has almost

become recurring feature. In 1975-76, the excess expenditure was Rs. 46.04 crores against Rs. 16.79 crores incurred during 1974-75. There was also considerable excess of Rs. 9.24 crores under this grant in 1972-73. The excess during 1975-76 occurred on all the Railways except Central Railway and on the Chittaranjan Locomotive Works. The Committee find from the note dated 15-3-1977 that the Railway Administration had brought the Committee's recommendations contained in paragraphs 2.45 and 2.46 of their 227th Report (5th Lok Sabha) to the Notice of the General Managers of the Zonal Railways and Production Units, for a thorough scrutiny of the reasons for the deterioration in the position of excesses during the year 1974-75 and for exercising greater care in future in estimating their requirements and for framing their budget proposals realistically. The Committee trust that the improvements effected would be reflected in the future Appropriation Accounts.

It is desired that the reasons for the excesses should be analysed and concerted efforts should be made to exercise greater care in estimating your requirements and in framing your budget proposals more realistically in future.

In this connection attention is also invited to the instructions contained in chapter VIII of the Indian Railway General Code Volume I, which lay down norms and procedure for carrying out continuous and concurrent review of the revenue and capital expenditure *viz-a-viz* the budget. The existing procedure of estimation of expenditure and of framing budget proposals should be re-examined and further streamlined, wherever necessary, so as to avoid re-occurrence of such excesses in future.

Please acknowledge receipt of this letter.

Sd/-
(S. V. POULOSE)
Director (Accounts).

DA: One

Copy to A.D.A.I. (Railways) with 45 spare copies.

Railwaywise break up of the real excess under voted grants and charged appropriation during 1975-76 (This takes into account the misclassifications also)

(Rupees im lakhs)

	Grant No.	C	E	N	N.E.	N.F.	S.	S.C.	S.E.	W.	CLW	Rly.Bd.	Net real*
1	3			2.23									2.23
2	5	91.57	187.97	242.93	76.54	74.75	141.13	158.95	261.05	106.24			1380.57
3	6		69.52	38.94	42.08		76.79	0.43	36.25				171.18
4	7	33.39	63.76	36.61	44.10	35.13	120.73	63.46	207.66	46.88			651.71
5	8	127.58	217.91	70.50	19.15	40.13	103.90	147.48	180.87	42.38			950.46
6	9		25.93		11.38		46.16		93.08				311.54
7	10			24.26	8.21	3.09	18.95		2.69	11.76			54.68
8	13	4.06	2.33	10.47	0.07	5.40				0.05			12.02
9	15		1496.97	170.64	492.25	441.54 (A)0.47	1370.35	128.35	631.03	210.69	27.63		4603.72 (B)
10	16	109.33	28.21	28.07	36.30	10.85	60.25	17.63	85.92	54.84			422.17
11	17											2.66	2.66
12	21		3.72		4.48	1.44			1.27	8.39			13.08
						Charged Appropriation							
13	5								2.57	8.39			2.57

(A) Break up of Rs. 4603.72 Lacks

Bulk Order	321.80	Stores Suspense	2217.80
Suspenpse	3151.16	Workshop Manuf.	1130.71
Other Heads	1130.76	Misc. Ad . (Capital)	197.35
	4603.72		3151.16

(B) Relating to Wheel & Axle Plant.

* Excess after taking to accounts saving suspense etc.

Recommendation

The Committee are concerned to note that during the year 1976-77, there have been misclassifications under Grant No. 7—Revenue—Ordinary Working Expenses Operation (Fuel). In the case of Grant No. 9, the gross amount involved, exceeded rupees one lakh. The Committee have been informed by the Ministry in March, 1978 that the earlier recommendations of the P.A.C. contained in their 38th Report (Sixth Lok Sabha) have been brought to the notice of the General Managers of the Zonal Railways, Production Units and Metropolitan Transport Projects (Railway), for a thorough scrutiny of the reasons for the deterioration in the position and for exercising an effective reconciliation of the subsidiary books with the General Books from time to time in order to eliminate the chances of any misclassification remaining undetected and unadjusted at the close of the accounts for the year.

2.19. As such misclassifications vitiate sound budgetary control, the Committee take a serious view of the recurrence of misclassifications, and desire that positive instructions should be issued by the Railway Administration to the effect that effective reconciliation of subsidiary books with general books should be attended to promptly, every month, so that rectification of erroneous adjustments and/or misclassifications, if any, detected is effected in time, thereby eliminating altogether chances of such misclassifications.

[S. Nos. 7 and 8 Appendix VI (Para Nos. 2.18 and 2.19 of 87th Report of PAC—Sixth Lok Sabha—1978-79].

Action Taken

In continuation of the circular letter issued by this Ministry to the General Managers, *vide* letter No. 76—App/7-2/75-76 dated 27-1-78, relating to misclassifications detected in the Appropriation Accounts for the year 1975-76, a further directive has been issued to the General Managers, All India Railways, Production Units and M.T.Ps. for carrying out review of expenditure and effective reconciliation of the subsidiary books with general books from month to month so that any misclassification or mistake detected as a result of this monthly review and reconciliation, is set right at the end of each month. This would help in avoiding any item of misclassifications/mistake remaining undetected and unadjusted at the close of the year's account.

The General Managers have also been directed to examine each of the items of misclassification and mistakes as listed in the printed

Annexure—J—Statement of important misclassifications and mistakes for the year 1976-77, with a view to bringing out (a) reasons for each misclassifications, (b) reasons why it could not be detected and set right in year's accounts and (c) staff responsibility for the failure, if any.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 78-BC-PAC/VI/87 dated 17-11-1978/25 Kartika, 1900 (S).]

Recommendation

The Committee realise that the decision for direct purchases of stores instead of being routed through the agency of DGS&D may have helped in the quicker procurement of stores and payments being made during the same year without the necessity of carry forward, but at the same time feel that its impact is yet to be watched. The Committee would welcome a specific report on how far the move of direct purchases has improved the budgetary control in so far as expenditure exceeding the budgetary provision is concerned.

[Sl. No. 10 Appendix VI (Para 2.29) of 87th Report of the PAC (6th Lok Sabha)].

Action Taken

During 1976-77, various factors such as adjustments of ITI debits pertaining to the previous years, more receipt of manufactured articles from Telecom Factories and materials recovered from works, resulted in the Net Debit exceeding the sanctioned grant, as already stated in the note dated 31-5-78 submitted to the Public Accounts Committee.

Instructions have again been issued to all concerned and all efforts are being made to ensure that there are no wide variations from the sanctioned grant. Incidently, it may be mentioned that during 1977-78, the trend has been reversed and the expenditure was within the sanctioned grant.

This has been seen by the Chief Auditor P&T Delhi.

[Ministry of Communications (P&T Board) O.M. No. 1-72/78-B dated 27th February, 1979].

Recommendation

2.32. The Committee observe that the excess expenditure of Rs. 493.30 lakhs occurred under Grant No. 21-Defence Services—Army (Voted) and Rs. 1.22 lakhs under the same Appropriation

No. 21—Defence Services—Army (Charged). It is significant that but for savings, aggregating Rs. 1341.04 lakhs, the excess would have been much more. Bulk of the excess under the Grant is attributed to pay and allowances (Rs. 3.58 crores), transportation (Rs. 6.68 crores), works (Rs. 4.34 crores) and other expenditure (Rs. 2.79 crores). After carefully considering the explanation offered by the Ministry of Defence, the Committee are firmly of the view that much of the excess expenditure could have been foreseen and adequately provided for at least at the time of obtaining supplementary grant in March, 1977. Since there was usually no element of uncertainty or unforseeability in the expenditure on pay and allowances the excess could have been avoided to a great extent by estimating compensation in lieu of quarters and per capita rates more precisely. Similarly, the Committee are unable to appreciate why the increase in the tariff rates for movement of personnel and stores and tariffs for water and electricity as also adjustment of certain debits could not have been foreseen and estimated more realistically and provided for fully.

[Sl. No. 11 Appendix VI (Para 2.32) of the Eighty Seventh Report of the P.A.C. (Sixth Lok Sabha)]

2.33. The Committee find that there was similar excess in the Appropriation Accounts for the year 1975-76 also. The Committee desire that a detailed review of the existing arrangements should be undertaken to devise suitable and effective measures with a view to remove the inherent defects in the existing systems, under intimation to them.

[Sl. No. 12 Appendix VI (Para 2.33) of the Eighty Seventh Report of the PAC (Sixth Lok Sabha)].

Action Taken

Against the original Grant of Rs. 585.74 crores under the Minor Head A. 1. Pay and Allowances of Army during 1976-77 the requirement assessed at the Revised Estimates stage was Rs. 591.60 crores, *i.e.*, an increase of Rs. 5.86 crores over the original grant. Out of this anticipated additional requirement of Rs. 5.86 crores, a sum of Rs. 4.52 crores was provided through Supplementary Grant and the balance of Rs. 1.34 crores was expected to be met from anticipated savings against certain other Minor Heads under the same Grant. The actual expenditure against this Minor Head, however, worked out to Rs. 593.84 crores, *i.e.*, Rs. 3.58 crores in excess of the sanctioned voted grant and Rs. 2.24 crores in excess of the Revised Estimates. Compared to the Revised Estimates, the variation

was not large considering that pay and allowances budget is prepared on an average per capita basis for over 8 lakh personnel of the Army belonging to various categories who draw, besides their normal pay and allowances, various other allowances admissible (i) to certain specific categories of persons, (ii) to persons when serving in particular areas, *e.g.*, high altitude allowance, uncongenial climate allowance, (iii) when performing certain duties, *e.g.*, parachute pay etc. (iv) to persons possessing certain qualifications. Besides, the rates of certain allowances like ration allowance are changed by the Government from time to time on account of which provision has to be estimated on limited data basis since it is not possible to obtain the exact information regarding the number of individuals receiving that allowance at a particular time. Average per capita effect is, therefore, taken into account based on past increases in provision consequent on enhancement of that allowance. Thus small variations between estimates and actuals cannot be totally eliminated. Every effort is, however, being made to reduce the variation to the barest minimum. A detailed review of the estimates and actuals in respect of the pay and allowances of the Regular Army during the past three years had revealed that compilation of expenditure on pay and allowances was not uniform during the year; it was low in the first two quarters and higher during the last two quarters, the average position emerging in the third quarter compilation. Remedial steps were, therefore, taken during 1977-78 at the Final Estimates stage to project the requirements calculated on the basis of enhanced per capita rates derived from the compiled actuals up to the third quarter of 1977-78 and the actuals came well within the budgeted provision. In order to derive more accurate per capita rates of ration allowance and enhanced compensation in lieu of quarters the estimates for these items have been reworked based on actual expenditure during the preceding three years and taking into account the current per diem rate. The per capita rate of ration allowance has also been suitably enhanced.

2. As regards the excess of Rs. 6.68 crores under the Minor Head A. 4—Transportation, it may be stated that the bulk of the expenditure under this Minor Head relates to movement of personnel and stores, which is booked under the sub-head 'Rail Charges'. Estimates in respect of these charges are framed keeping in view the trend of expenditure in the current financial year and the actuals in the previous financial year as also other known factors. In this connection it may be stated that a substantial portion of the expenditure is generally adjusted in the accounts during the last quarter of the financial year and, thereafter till the closing of the accounts

as raising of debits by Railways against the Controllers of Defence Accounts and adjustment of the debits by the latter takes considerable time. This makes the task of making an accurate assessment of the requirements rather difficult. However, the following measures have been taken to ensure further narrowing down of the gap between the actuals and the estimates:—

(a) At the request of the Army Headquarters, the Railway Board have issued instructions to all the nine Zonal Railways (copy enclosed) to forward to the Army Headquarters a copy of their schedule of bills sent to the Controllers of Defence Accounts. This would, to some extent, result in a better assessment of the trend of expenditure during the financial year.

(b) A meeting was held with the Railway authorities on 8th March 1978 for clarification of the procedure for settlement of bills on account of manufacture of rolling stock. This will cut out delays occurring at present in the settlement of such bills.

3. In the case of expenditure on works, departmental instructions have been issued by the Army Headquarters to various Directorates and Branches to ensure greater control over expenditure and for avoiding shortfall or excess. (Copy enclosed).

DADS has seen.

[Ministry of Defence U.O. No. 11(12)/78/D(Budget) dated the 6th March 1979].

COPY

COPY OF MIN. OF RAILWAYS (RAILWAY BOARD) LETTER No. 78ACII/45/A DATED 27 APRIL 1978 ADDRESSED TO FA & CAOs ALL INDIAN RAILWAYS

SUB.—Debits against Army for movement of personnel and stores by rail (Goods and Coaching)

The Board have received a request from Army Headquarters that a monthly statement, showing the total debits on account of movement of military personnel and stores by rail (both Goods and Coaching), may be sent to them by each Railway. This will enable them to have proper budgetary control on this item of expenditure.

The Board, after due consideration, desire that the 'Monthly Statement' as requested by Army Headquarters, may be furnished to them in the following form:

Debits raised against CDA for Warrants/MC Notes issued by Army in the Month of.....

Railway	Goods	Coaching	Total

The figures should represent only the monthly total under each category (Goods and Coaching). The Statement should be sent to Director of Movement (Q Mov. A) Army HQ, QMG's Branch, Sena Bhavan, DHQ PO New Delhi-110011.

Receipt of this letter may please be acknowledged.

Sd/-
(K. B. VERMA)
Dy. Dir. Finance (Accounts)
Railway Board

Copy forwarded to Shri K. V. Rajgopal, Jt. Dir. Rail movements QMG's Branch, Army Headquarters, New Delhi in reference to his DO letter No. B/06567/VI/Milrail dated 1 March 78.

COPY

Tele : 373275
88896/FP 2 Jul. 78.

GENERAL STAFF SHAKHA/GENERAL STAFF BRANCH
DDSD (FP)

FINANCIAL CONTROL

1. This note is issued in partial modification to our note No. 88896/FP 2 dated 22 June 76 which deals with even flow of expenditure during the financial year.

2. Budget is both an instrument of planning as well as control. Our experience of past few years has shown that there have been large variations between our planned and actual expenditure in various areas. The need for better financial control is, therefore, apparent. A few notes on financial control in the Army for guidance of officers dealing with financial management are given at Appendix 'A'.

3. We have analysed the causes of over/under expenditure and the shortcomings in our financial control system which are discussed below:—

(a) Senior officers shouldering onerous responsibilities are unable to spare time for financial control which is rele-

gated to lower levels. The situation is also aggravated by short tenures of service officers, and financial management not being our forte, we tend to depend more and more on subordinates, who themselves may not be very knowledgeable. While there is no alternative to personal involvement of senior officers in financial control, time of senior officers can definitely be saved by introducing a system of 'Exception Reporting'. It involves study of trend of monthly expenditure over the past few years to arrive at the expected expenditure pattern and then comparing the same with the actual expenditure during the current year. Percentage variation between actual and expected expenditure would indicate the level which should initiate the corrective action. The degree of detail upto which we should go depends on identification of problem areas. Where the monthly expenditure trend has not been showing marked variation we may be content with Minor Headwise reports; but in the problem areas where variations are erratic, we should ask for 'Exception Report' in much greater detail.

(b) Unforeseen slippages in procurement are another cause for under expenditure. This can be overcome by planning our expenditure for more than the sanctioned grant, though confining the actual expenditure booking within the financial year to the sanctioned grant only.

(c) Another stumbling block in the way of better financial control is the lack of accurate management information. Wrong booking by CGDA gives a distorted picture of trend of expenditure. It is, therefore, necessary to get the expenditure reports not only from the CGDA returns but also from lower formations and procurement agencies. Correctness of bookings can thus be checked and got rectified.

(d) The fourth cause for over/under expenditure is delay in booking of expenditure. This relates to normal bookings as well as inter-departmental adjustments. Branches/ Directorates need to get reports of actual expenditure from procurement authorities functioning under them. These can be compared with CGDA bookings, and where necessary, expenditure bookings should be expedited through liaison with CDA. Delay in inter-departmental

adjustments can be reduced by increasing the frequency of such adjustments after consultation with respective departments.

(e) Another fault in our system is total dependence on budgetary calendar for review. While at macro-level we stick to the budgetary calendar, the in-house reviews should be carried out every month. The need for collection of information regarding actual expenditure from lower formations and analysis of the actual monthly trend of expenditure is, therefore, strengthened. In March each year there may be a necessity to carry out these reviews weekly, or in problem areas, even bi-weekly, to watch the progress of expenditure. Data in this regard can be obtained telephonically from CsDA.

4. Based on the study of causes for over/under expenditure, following improvements in our financial control are considered necessary:—

(a) Senior officers have to be personally involved in financial control of their respective areas. Greater involvement of senior officers was found to be very effective in reducing the shortfall in expenditure during 1977-78.

(b) To save the time of senior officers, a system of exception reporting has to be introduced in each Branch/Directorate. The extent of delegation of financial control will vary for each area of expenditure and for each level in the hierarchy.

(c) Expenditure can, with advantage, be planned for more than sanctioned grants. The aim should be to exhaust the sanctioned grants by 28 February every year. In March, just enough bills can be released to ensure that there are no shortfalls in budgeted expenditure. Remaining bills, if any, can be carried forward to next financial year and paid off on or after 1 April. This carry forward has, perforce, to be taken into account while planning actual expenditure for the next year. Since upto one sixth of demands for grants can be spent in April and May in anticipation of passing the Budget, there should be no difficulty in clearing the bills carried forward.

(d) Branches/Directorates can obtain data on actual expenditure from lower formations and procurement agencies

compare it with CGDA bookings and establish effective liaison with CsDA for expeditious and correct booking.

(e) Monthly review of expenditure has to be carried out and during March each year this frequency may be increased to weekly or bi-weekly, depending on the necessity. Since the CGDA compilations are received monthly, there should be no difficulty in carrying out these reviews.

(f) Remedial action requires to be initiated early. This may take any of the following forms:—

(i) Analysing the causes and removal thereof.

(ii) Diversion of funds to lower priority items which, though planned earlier, could not be provided for.

(iii) Reappropriation within Minor Heads of accounts and between Minor Heads of accounts under same Major Head of accounts.

(iv) If, after all the above methods are tried out, some shortfalls are considered to be unavoidable, they should be reported to DDFP as early as possible, but in any case not later than to March every year.

5. A careful watch over the expenditure will not only lead to economy but will also establish our credibility with the ministries, thus providing us an opportunity to obtain more funds for our developmental activities. The importance of proper financial control thus cannot be overemphasized.

6. In case Branches/Directorates require any assistance in improving their existing control systems, they can contact DDFP for the same.

Sd/-
(P.V.R. MURTHY)
Brig.
Staff Duty Upnideshak
(Vit Yojna) DDSD (FP).

* * *

(COPY)

APPENDIX 'A'

(Refer to Para 2 Note No. 88896/FP 2 dated 21 July, 1978)

NOTES ON FINANCIAL CONTROL IN THE ARMY

General

1. Even though the best Method of Financial Control consists in evaluation of physical achievements against resources inputs, in the Army, it is not always possible to quantify the outputs. It, therefore, becomes necessary to use a combination of physical and financial evaluation as an instrument of control. Branches and Directorates are, to some extent, in a position to assess the physical achievements against planned targets. However, because of the existing Budgetary System in the Army, financial control is exercised in financial terms only. The budget lays down the extent of expenditure to be incurred in each area such as pay and allowances, stores, transportation and works. Within these major areas of expenditure there are further sub-divisions to facilitate control.

CGDA Compilations

2. The expenditure incurred by the spending authorities is classified under various code-heads, under which the expenditure is booked by CSDA concerned. Data in this regard is passed on to CGDA who compiles this information and provides us the monthly expenditure returns. The actual expenditure depicted in the CGDA compilation is compared with planned expenditure to detect major deviations and initiate corrective action.

Budgetary Calendar

3. The calendar for budgetary review at macro level is laid down and major reviews are as under:—

(a) Preliminary Report for the current year . . . . . 20 Aug

(b) Preliminary Revised Estimates for current year and Forecast Estimates for ensuing year . . . . . 10 Nov.

(c) Revised Estimates for current year and Budget Estimates for the ensuing year . . . . . 20 Dec.

(d) Modified Appropriations for current year . . . . . 10 Mar.

1880 LS—8.

4. This, however, does not debar the inhouse reviews more frequently.

Shortcomings in Present System of Control

5. There are some shortcomings in the present system of financial control which are discussed below:—

(a) *Delay in booking of expenditure.* There are invariably procedural delays in processing of bills and payments to suppliers. This delay is further accentuated by time taken in transmission of data to CGDA, data punching and running of the compilation programmes in the computer. The delay in booking thus gives a wrong trend of expenditure. There is, therefore, an urgent need to streamline our accounting procedures. Secondly, to check the accuracy or delay in CGDA bookings, Branches and Directorates have to establish a duplicate channel of information through departmental heads at lower formations or through procurement agencies.

(b) *Performance Evaluation.* CGDA compilations being received every month have to be compared with planned expenditure but the budgetary allocations do not give likely monthly expenditure. To get over this we have to analyse past data and derive from it, a reasonable monthly trend of expenditure as a percentage of total allocation. It must be remembered that for various reasons, expenditure bookings vary from month to month throughout the financial year; but expressed as a percentage of the total allocation for the year, the expenditure is likely to be similar in corresponding months of different financial years under each minor head. We can compare expected planned monthly expenditure according to past trends with actual expenditure booked, detect deviations and take corrective action.

(c) *Analysis of areas of Correction.* Generally the areas of correction can be easily detected from the present coding system. There are, however, areas like Ordnance Stores under Minor Head 9(c)(a) where general stores, arms, ammunition and engineer stores of Ordnance origin are booked together. Under the circumstances it becomes difficult to detect the area in which controls are to be applied. Though a case to get the booing code changed is in progress, it is likely to take some time. Meanwhile the

only way to get over this problem is to collect the breakdown in such areas from lower formations and procurement agencies.

Anticipatory Actions

6. While feed back is essential for control, yet, with some ingenuity and foresight, some anticipatory control are still possible. For example, works cannot be progressed during rains and certain types of canned vegetable and fruit cannot be procured during all seasons. In such cases we should endeavour to launch the control action as a preemptive measure to prevent any shortfall in expenditure.

Responsibility for Control

7. Because of the degree of authority concentrated at higher levels it is generally felt that lower levels do not have the responsibility for control. In fact, nothing can be farther from the truth. Each level is responsible for control of programmes and activities falling within its purview. Control function is thus a function of all levels and should be spelt out for each level.

NAME OF THE MINISTRY/DEPARTMENT: MINISTRY OF DEFENCE

Recommendations

2.38. The Committee observe that a net excess of Rs. 171.01 lakhs had occurred under Grant No. 24—Defence Services—Pensions. According to the Ministry, the excess under sub-heads A-1 Army and A-3 Air Force occurred on account of drawal of pension by a larger number of pensioners and larger payments of commuted value of pensions than anticipated. In this connection, the Committee had, in paragraph 2.60 of their 180th Report (Fifth Lok Sabha) observed:—

> "The Committee note that an excess of Rs. 1.16 crores had occurred under the sub-head 'A.1—Army' of 'Grant No. 23—Defence Services—Pensions'. The Committee are not convinced by the plea offered by the Ministry of Defence that on account of a number of uncertain factors, it is not possible to make a precise estimate of the magnitude of the non-effective charges. Even assuming that some pensioners might or might not draw their pensions during the month of March, the Committee are doubtful whether this by itself could account for the large excess. The Committee, therefore, view with seriousness the excess expenditure on what should be a comparatively easily ascertainable account and desire that the Ministry of Defence, in consultation with the Ministry of Finance, should evolve a system of

expeditiously reporting the debits to the concerned authorities so that proper revised estimates could be framed in time and excess avoided."

2.39. The Committee realise that the magnitude of payments on account of commuted value of pension depends upon the needs of individual pensioners but they are unable to contribute to the plea advanced that the impact of consequential increase in the entitlements on the basis of Third Pay Commission's recommendations could not be foreseen accurately. The Committee also realise that some variations on this account are understandable, but in view of the fact that there should always be some time-lag between the finalisation of applications for commutation and the drawal of commuted value of pension by pensioners, the magnitude of entitlements is comparatively easily ascertainable with some precision. The Committee, therefore, like the Ministry of Defence to examine in consultation with the Ministry of Finance, whether there are any inherent defects in the existing systems, with a view to taking suitable remedial measures for ensuring that adequate provision is made at least at the Revised Estimates stage during February/March for meeting the pensionary charges.

[Serial Nos. 13 and 14 Appendix VI (Paras 2.38 and 2.39) 87th Report of P.A.C. (1978-79) (Sixth Lok Sabha).]

Action Taken

The observations of the Public Accounts Committee have been noted. As explained in the note submitted to the PAC, the excess was mainly due to abnormal increase in payments in 1976-77 on account of commuted value of pensions, resulting from the implementation of the Third Pay Commission's recommendations. The excess was thus due to an exceptional factor which is not likely to recur. However, the matter has been examined further in consultation with the Ministry of Finance (Defence), and, as a result, instructions have been issued by the Controller General of Defence Accounts to ensure that suitable measures are instituted by the Controller of Defence Accounts (Pensions) for the preparation of realistic estimates by taking into account all relevant factors. A copy of these instructions is enclosed.

DADS has seen.

[Ministry of Defence U.O. No. 11(13)/78-D(Budget), dated the 7th March, 1979.]

(COPY)

D. No. A/II/12115-II

Addl. C.G.D.A.

Office of the Controller General of Defence Accounts, West Block-V, R. K. Puram, New Delhi-22.

Dated the 17th February, 1979.

Dear,

Kindly refer to your D.O. No. A/II/3795/VII dated the 6th August, 1977 regarding budgeting and expenditure on Defence Services pensions during 1976-77.

It was intimated in the above cited D.O. letter that the main factor contributing to the excess over sanctioned grant for pensions in 1976-77 was commutation of pension. It was also stated that the pensioners were given the facility of commutation of their pension in varying degrees depending upon whether they were commissioned officers, other Ranks, or civilians and it could not be known with any degree of certainty whether these pensioners would exercise their option at the time of retirement or later, and when such commutations would become payable.

The Public Accounts Committee to whom above position was explained are not satisfied and have remarked that in view of the fact that there should always be time-lag between the finalisation of applications for commutation and drawal of commuted value of pension by pensioners, the magnitude of entitlements is comparatively easily ascertainable with some precision.

I may mention that with the issue of Ministry of Defence, New Delhi letter No. B|40323|AG|PS4(c)|374|(US)|Pension|Services) dated 10th May, 1978 as amended *vide* their corrigendum No. B|40323|AG|PS4(c)|1858|A|D(Pension|Services) dated 18th October, 1978, the commutation can be sanctioned without medical board and is also permissible to be notified with pension in the case of Commissioned officers and personnel before the date of retirement. Obviously, a vast majority of pensioners would avail of the benefit under this scheme. Accordingly, the element of uncertainty will be eliminated to a large extent. We feel that there would be no difficulty in estimating the accurate impact on account of commutation especially at Revised Estimates stage.

With a view to avoiding any adverse criticism from higher authorities, I shall be grateful if suitable measures are instituted at your

end to ensure preparation of realistic estimates by taking all relevant factors into account.

CGDA has seen.

Yours,

Shri K. Aravamudan
CDA (Pensions)
ALLAHABAD.

Recommendations

Subject to their observations contained in the preceding paragraphs of the Report, the Committee recommend that the excess expenditure referred to in paragraph 2.1 of the Report be regularised in the manner prescribed in Article 115 of the Constitution of India.

[Serial No. 15 Appendix VI (Para 2.40) of the 87th Report of P.A.C. (Sixth Lok Sabha).]

Action Taken

The Demands for Excess Grants in relation to Posts and Telegraphs and Defence for the year 1976-77 were presented to the Lok Sabha on 20th December, 1978.

[Ministry of Finance (Department of Economic Affairs) No. F.8(98)-B(R & A)/78, dated 28th December, 1978.]

Recommendations

The Committee find that while 4 Action Taken Notes were received by the due date *i.e.*, 14th May, 1978, two notes relating to the Ministry of Defence were received after the due date. The Committee would like to stress the need for making all out efforts by the Ministries concerned to eliminate avoidable delays in future by ensuring strict adherence to schedule.

[Sl. No. 16—Appendix VI (para 3.4) of 87th Report of P.A.C. (Sixth Lok Sabha).]

(i) Ministry of Finance (Department of Expenditure):

Action Taken

The above recommendations have been circulated to all Ministries|Departmens of the Government of India *vide* this Ministry's O.M. No. F.12(15)-E(Coord)/78, dated the 6th February, 1979 (copy enclosed).

[Ministry of Finance (Department of Expenditure) O.M. No. F.12(15)-E(Coord)/78, the 8th February, 1979.]

(COPY)

No. F.12(15)-E(Coord)/78
Government of India
MINISTRY OF FINANCE
(Department of Expenditure)

New Delhi, the 6th February, 1979

OFFICE MEMORANDUM

Subject:—87th Report of the Public Accounts Committee (Sixth Lok Sabha) (1978-79) regarding Excesses over Voted Grants and Charged Appropriations.

The undersigned is directed to forward herewith the extracts of Recommendations No. 1 (Para 1.8) and No. 16 (Para 3.4)* to Appendix VI of the 87th Report of Public Accounts Committee (Sixth Lok Sabha) for information and necessary action.

2. In para 1.8 (Recommendation No. 1), the Committee has noted with satisfaction that there has been some reduction in excesses though not very prominent in the case of Railways and Defence. In the case of P&T, however, an upward trend is noticeable. They have desired that the Ministries of Railways, Defence and P & T would endeavour to ensure that the position is not allowed to deteriorate and that the excesses over Voted Grants and Charged Appropriations would be kept to the barest minimum in future, if not altogether eliminated.

3. In para 3.4 (Recommendation No. 16), the Committee has pointed out the delay by the Ministry of Defence in furnishing Action Taken Notes to the Lok Sabha Secretariat after the due date. They have, therefore, stressed the need for making all out efforts by the Ministries concerned to eliminate avoidable delays in future by ensuring strict adherence to schedule.

4. Ministry of Agriculture and Irrigation, etc. are requested that the observations made by the Committee may be taken note of and necessary action taken to implement the recommendations made therein more effectively.

Sd/- (G. S. RATHIE),
Deputy Secretary to the Government of India.

To

All Ministries/Departments of the Government of India.
All Financial Advisers (by name).

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*Not reproduced.

(ii) Ministry of Defence:

Action Taken

In the recommendations the PAC have *inter alia* pointed out that two Action Taken Notes from the Ministry of Defence were received after the due date. This observation relates to the Action Taken Note on Serial Nos. 24 and 25 (paras 2.65 and 2.66) of Appendix XXXVII to 38th Report of the PAC (6th Lok Sabha). In this case the last date for the submission of the Action Taken Notes was 14th May, 1978 and Notes were forwarded to the Lok Sabha Secretariat by this Ministry on the 31st May, 1978. This short delay in the submission of the note was, however, covered by the extension of time granted by the Lok Sabha Secretariat up to 15th June, 1978 *vide* their O.M. No. 20|1|2|77| PAC, dated the 15th May, 1978. Nevertheless, the observations of the PAC have been noted for strict compliance of the time limit in future.

2. D.A.D.S. has seen.

[Ministry of Defence U.O. No. 58(1)/78/D(Air-I) dated the 19th October, 1978.]

II. RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF GOVERNMENT.

Recommendation

The Committee find that during 1976-77, excess expenditure of Rs. 16.20 crores had been incurred under Grant No. 19—Capital Outlay on P&T. The Excess has occurred successively for the fourth year. There was excess expenditure of Rs. 11.95 crores in 1975-76, Rs. 9.04 crores in 1974-75 and Rs. 2.58 crores under this grant during the year 1973-74 also. But for savings, the actual excess in one part of the Grant *viz.*, Stores and Manufacture Suspense, during 1976-77, would have been Rs. 22.64 crores. It is significant that but for the savings, the real excess would have been much more and it only shows the extent to which estimates were over-pitched in so far as 'Works Portion' of the Grant is concerned. The Committee are concerned over the fact that excess over authorised expenditure under this grant has become a recurring phenomenon. Since the Ministry of Communications (P&T Board) have issued instructions to the field units to estimate their requirements more accurately in future, the Committee trust that these would be scrupulously followed so as to reflect improvement in the budgeting control in the future Appropriation Accounts. The Committee would also like to reiterate their earlier observation contained in paragraph 2.64 of their 180th Report (Fifth Lok Sabha) and would like the Ministry to examine whether there are any inherent defects in the existing system and to take

suitable remedial measures for ensuring that adequate provision is made in the Budget Estimates itself for meeting past liabilities.

[Serial No. 9, Appendix VI (Para 2.28) of 87th Report of the PAC (6th Lok Sabha)]

Action Taken

It has been examined and found that there are no inherent defects in the existing system. In this connection, a kind reference is invited to paras 3.13 and 3.16 of the 104th report of the Public Accounts Committee on "Excess over voted grants/charged Appropriation (Civil) for 1976-77".

Instructions have been issued to all concerned for ensuring that adequate provision is made in the Budget Estimate itself for meeting past liabilities. A copy of memo. No. 1—72/78-B(PT) dated 27th January, 1979 containing the instructions is enclosed. (with Sl. 1)

This has been seen by Chief Auditor P&T Delhi.

[Ministry of Communications (P&T Board) O.M. No. 1-72/78-B (part) dated 27th February, 1979]

Recommendation

The Committee observe that a part of the excess of Rs. 19.78 crores under sub-head 'A-1 Pay and Allowances of Army' occurred as savings anticipated under other sub-heads did not materialise. In the case of additional requirements of funds for purchase of materials the Ministry have attributed it mainly to the inherent delay in monitoring the actual expenditure under the existing accounting system. It is further seen that the question of revising suitably the existing procedures is being considered. That there is recurrence of excess expenditure under the sub-heads 'Pay and Allowances of Army' stores, and works, as may be seen from the Appropriation Accounts for the year 1976-77 confirms the belief that there is some inherent defect in the estimation of expenditure. The Committee desire that the existing procedures should be critically re-examined and suitably revised on an urgent footing, so as to minimise if not altogether eliminate, recurrent excesses under these sub-heads of the Grant. The Committee would also like to be apprised of the steps taken in this direction.

[Serial No. 18, Appendix VI (Para 3.8) of the 87th Report of the PAC (Sixth Lok Sabha)]

Action Taken

As indicated in the Action Taken Note of this Ministry on the recommendation contained in para 1.8 (Serial No. 1 of Appendix XXXVII) of the 38th Report of the PAC (Sixth Lok Sabha) sent under Ministry of Defence No. F.11(3)/78/D(Budget), dated 20th July, 1978, suitable instructions have been issued to all concerned for

taking appropriate and concrete remedial measures to curb down the tendency of excess expenditure over Voted Grants/Charged Appropriation.

2. Against the excess of Rs. 19.78 crores under the sub-head A.1 Pay and Allowances of Army during 1975-76 an additional expenditure of Rs. 18.04 crores was foreseen at the Revised Estimates stage. This additional expenditure was expected to be met from anticipated savings against certain other Minor Heads under the same Grant. The savings under these heads did not, however, materialise to the extent anticipated resulting in the overall excess of Rs. 19.78 crores over the sanctioned Grant for this sub-head. Compared to the Revised Estimates, the excess was Rs. 1.74 crores which works out to only 0.30 per cent of the provision in the Revised Estimates. The variation was small considering that Pay and Allowances budget is prepared on an average per capita basis for over 8 lakh personnel of the Army belonging to various ranks and classes and drawings, besides their normal Pay and Allowances, a variety of other allowances depending upon their specific qualifications, location of the unit, special duties performs etc. The Revised Estimates were being prepared on the basis of per capita rates derived from the compiled actuals of the first six months of the year. A detailed review of the estimates and actuals in respect of the pay and allowances of the Regular Army during the past three years had revealed that compilation of expenditure on pay and allowances was not uniform during the year; it was low in the first two quarters and higher during the last two quarters, the average position emerging in the third quarter compilation. Remedial steps were, therefore, taken during 1977-78 at the Modified Approprition stage to project the Supplementary requirements calculated on the basis of enhanced per capita rates derived from the compiled actuals upto third quarter of 1977-78 and the actuals came well within the budgeted provision. The per capita rates of ration allowance have been recalculated based on the actual expenditure incurred during the preceding three years taking into consideration the latest per diem rate in force. In view of the remedial steps now taken recurrence of excess expenditure over Voted Grants for Pay and Allowances of the Army is expected to be minimise to a great extent if not eliminated altogether.

3. As regards excess of Rs. 8.98 crores relating to the Sub-Head A-10—Works with the issue of instructions referred to in para 1 above, the excess as in 1975-76 and 1976-77 is not expected to recur.

4. In the case of Minor head A-9—Stores—there was no excess expenditure over the sanctioned grant during 1976-77.

DADS has seen.

[Ministry of Defence u.o. No. F.11(14)/78/D (Budget, dated 22nd March, 1979)]

III. RECOMMENDATIONS/OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Nil.

IV. RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

Recommendation

Sub-item 'Catering Department' has recorded an excess of Rs. 0.16 crores. There was a similar excess of Rs. 0.21 crore during the year 1975-76 also. It is significant that the excess occurred in spite of obtaining a supplementary grant of Rs. 2.01 crores which included a provision of Rs. 0.93 crore for more expenditure on catering stores. The Committee are concerned to note that it would have been possible to fully assess and provide for the additional requirement on this account at least at the revised estimates stage. That this was not done is regrettable. The Committee would like to be informed of the precise reasons which resulted in excess on catering stores.

[Sl. No. 6, Appendix VI (Para 2.17) of PAC's 87th Report (VI Lok Sabha).]

Action Taken

The excess occurred mainly on Southern Railway due to the provision of more catering facilities, consequent to the introduction of the additional super fast express trains on this Railway. Necessary instructions have, however, been issued to that Railway to examine the circumstances under which the excess could not be foreseen at the time of Revised Estimate and funds asked for and to take steps to avoid recurrences of such cases in future.

This has been seen by Audit.

[Ministry of Railways (Rly. Board's) O.M. No. 78-BC-PAC/VI/87 dated 4-1-79/14 Pausa, 1900]

Recommendation

The Committee note that out of the excess of Rs. 19.78 crores over the sanctioned grant in 1975-76 under sub-head A-1 Pay and Allowances of Army of Grant No. 19 Defence Services—Army, an additional expenditure of Rs. 18.04 crores was foreseen at the time of formulating revised estimates. The amount of Rs. 17.48 crores actually sought to be reappropriated from anticipated savings under other sub-heads of the grant, was not available as the savings anticipated under other sub-heads did not materialise, resulting in a total excess of Rs. 61.26 crores under the Grant. The Committee have been informed that greater scrutiny is being exercised to

ensure that revised/Final Estimates under the sub-heads are reasonably accurate and that re-appropriations did not get away. In regard to excess expenditure of Rs. 34.78 crores relating to Ordnance Factories mainly under the sub-heads 'Purchase of Materials' and 'Customs Duty', the Ministry have informed the Committee that the reasons why additional requirements of funds for purchase of materials could not be assessed more precisely and supplementary grants obtained at the Revised Estimates stage, is mainly the inherent delay in monitoring the actual expenditure under the existing accounting system in respect of central purchases, including foreign supplies. The Committee have further been informed that suitable instructions have been issued to all the factories to make constant review of payment liabilities *vis-a-vis* the budget provision and take suitable corrective action. With a view to avoid recurrence of excess expenditure of this nature in future, the question of revising suitably the existing procedures is also being considered. In so far as the excess of Rs. 8.93 crores relating to works is concerned, the Committee have been informed that instructions have been issued by the E-in-C's Branch to all Chief Engineers on 20th March, 1978, that they may personally scrutinise and investigate the exact causes that may lead to excess expenditure for corrective action.

[Sl. No. 17, Appendix VI (Para 3.7) of the Eighty Seventh Report of the PAC (Sixth Lok Sabha)]

Action Taken

The recommendation/observation of the Committee is noted. As indicated in the Action taken note of this Ministry on the recommendation contained in para 1.8 (Sl. No. 1 of Appendix XXXVII) of the 38th Report of the PAC (Sixth Lok Sabha) sent under Ministry of Defence No. F. 11(3)/78-D(Budget) dated 20-7-1978, suitable instructions have been issued to all concerned for taking appropriate and concrete remedial measures to curb down the tendency of excess expenditure over Voted Grants/Charged Appropriations. In regard to the excess expenditure relating to Ordnance Factories steps have also been taken to liaise with and obtain periodically upto date expenditure statements from the various Central Purchase Agencies. The question of revising suitably the existing procedures is still under consideration in consultation with all concerned. A further report will be made to the PAC as soon as existing procedures are revised.

[Miny. of Def. No. 11(14)/78/D(Budget), dated 22-3-1979]

APPENDIX XIV

(*Vide* paragraph 4.1 of the Report)

I. RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Committee have earlier indicated in paragraph 1.2 of the Report that while the Appropriation Accounts (Railways), (Posts and Telegraphs) and (Defence Services) for the same year were laid on the Table of the House on 4th April, 1978, the Appropriation Accounts (Civil) for the year 1976-77 were laid on the Table of the House on 24th August, 1978. The Committee find that since the Comptroller and Auditor General of India was not relieved of the responsibility for the preparation of the Finance Accounts for the year 1976-77 and the Appropriation Accounts were to be prepared by the respective Ministries/Departments etc., the process of consolidation and subsequent reconciliation of the Appropriation Accounts with the Finance Accounts for the year 1976-77 maintained and compiled respectively by two different authorities, became comparatively more complex and, coupled with delays in reconciliation of departmental figures with accounts figures, tended to take more time. The Committee have, however, been assured by the Ministry of Finance (Department of Expenditure) that earnest endeavour would be made towards finalisation of the Appropriation Accounts (Civil) for 1977-78 in time so as to lay them on Table of the House during April, 1979. The Committee trust that the Appropriation Accounts (Civil) will hereafter be laid on the Table of the House in the Budget Session of Parliament.

[Sl. No. 1, Appendix XVII (Para 1.5) of 104th Report of Public Accounts Committee (6th Lok Sabha)]

Action Taken

The observation of the Committee that they trust that the Appropriation Accounts (Civil) will hereafter be laid on the Table of the House in the Budget Session of Parliament, is noted for compliance.

[Ministry of Finance (Department of Expenditure) O.M. No. H. 11013|1|79-MF-CGA|TA|2897 dated 12-3-1979]

Recommendation

The Committee note with satisfaction that there was a noticeable reduction in the excess expenditure disclosed in the Appropriation Accounts (Civil) during the year under review *viz.*, 1976-77 as compared to the previous two years. The aggregate amount of expenditure incurred in excess of the amounts authorised by Parliament under various Voted Grants and Charged Appropriations has shown a downward trend in that it aggregated Rs. 230.32 crores in 1974-75, Rs. 59.39 crores in 1975-76 and Rs. 20.65 crores in 1976-77. The Committee trust that sustained endeavours would be made by the Ministries/Departments to ensure that the position is not allowed to deteriorate. The Committee also expect that with the introduction of the Scheme of Integrated Financial Advisers and Separation of Accounts from Audit in stages during April, July and October, 1976, the position would improve further.

[S. No. 2, Appendix XVII (Para 2.4) of the 104th Report of Public Accounts Committee (Sixth Lok Sabha)]

Action Taken

The above recommendation has been noted by the Government and circulated to all the Ministries/Departments of the Government of India *vide* our O.M. No. F.12(17)-E(Coord)/78, dated the 31st March, 1979 (copy enclosed).

[Ministry of Finance (Department of Expenditure) O.M. No. F.12(17)-E(Coord)/78, the 4th April, 1979]

(*COPY*)

No. F.12(17)-E(Coord)/78

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF EXPENDITURE)

New Delhi, the 31*st March*, 1979

OFFICE MEMORANDUM

SUBJECT.—104*th Report of the Public Accounts Committee (Sixth Lok Sabha)* (1978-79) *regarding Excess over voted Grants and Charged Appropriations.*

The undersigned is directed to forward herewith* for information and necessary action the extracts of para 2.4 (Recommendation No. 2) in Appendix XVII of the report of the Public Accounts Committee mentioned above. It will be seen that the Committee

*Not reproduced.

have expressed satisfaction that there was a noticeable reduction in the excess expenditure disclosed in the Appropriation Accounts (Civil) during the year under review *viz.*, 1976-77 as compared to the previous two years. The Committee desire that sustained endeavours would be made by the Ministries/Departments to ensure that the position is not allowed to deteriorate. The Committee also expect that with the introduction of the Scheme of Integrated Financial Advisers and Separation of Accounts from Audit, the position would improve further.

2. In view of the observation made by the Public Accounts Committee, the Ministries/Departments are requested to ensure that the aggregate amount of expenditure is confined to the amounts authorised by the Parliament under various Voted Grants and Charged Appropriations, so as to avoid any excess over such amounts.

Sd/-
(G. S. RATHIE)
Deputy Secretary to the Government of India.

To

All Ministries/Departments of the Government of India.

All Financial Advisers including F.A. (Defence) and Financial Commissioner (Railways).

Recommendation

The Committee note that the excess occurred under the sub-head "C.2-States' share of Additional Excise Duties in lieu of Sales-Tax" on account of overpayment of Rs. 60 lakhs made to the Government of Madhya Pradesh on 31 March, 1977, due to clerical error in calculation of the amount payable to the State Government. Even though, according to the Ministry of Finance, the amount of Rs. 60 lakhs paid in excess was recovered from the State Government during 1977-78 by adjustment against its share of Additional Excise Duties in lieu of Sales Tax in that year, the Committee are of the view that this is a clear case of laxity in the financial control exercised at the supervisory level, for which responsibility should be fixed on individuals concerned for appropriate action. The Committee expect the Ministry of Finance to set an example in stricter financial control to other Ministries and/or Departments.

[S. No. 6, Appendix XVII (Para 2.15) of 104th Report of P.A.C. (6th Lok Sabha)]

Action Taken by the Government

The observations of the Public Accounts Committee have been very carefully noted.

2. During the year 1977, following the general elections held in the month of March, the Central Budget and Supplementary Demands for Grants could be presented only on 28th March. Besides this, the budgets and supplementary demands for grants relating to the Governments of Tamil Nadu, Nagaland and Pondicherry which were under President's rule, were also presented to Parliament on 28th March, 1977. The work relating to these budgets thus continued till the last week of March, 1977 and the time available for attending to other items of work like release of States' share of taxes, duties and grants-in-aid was extremely limited. The unfortunate error in calculation referred to in the Committee's recommendation quoted above occurred in these circumstances when there was unusually heavy pressure of work.

The Ministry of Finance have noted the observations of the Committee and have further streamlined the procedure so as to ensure that such mistakes do not recur. The officials responsible for the mistake in March, 1977 have also been warned to be more careful in future.

The Note has been vetted by Audit.

[Ministry of Finance (Dept. of Economic Affairs) O.M. No. F.5(23)-B(S)/78 dated 1-6-79]

Recommendation

The excess under Grant No. 39 is mainly attributable to the gross excess of Rs. 18.57 crores under head 'A.4(2)—Loss by Exchange' and occurred due to adjustments, largely pertaining to the years prior to 1976-77, carried out during the financial year 1976-77. There was a net excess of Rs. 1.64 crores under the sub-head 'B.5(3)—Loss by Exchange' during the year 1975-76 also. It is not clear how the adjustment of losses relating to previous years could not be assessed and fully provided for during the year 1976-77. Even though the expenditure, as contended, was national in view of heavy receipts on account of gain by exchange during 1976-77 and earlier years, the Committee have reasons to believe that the revised procedure introduced from 1974-75 for adjustment of such losses has not had the desired effect in streamlining the budgeting procedures. That this should be so despite earlier comments by the Committee and the instructions issued by the Ministry of

Finance, would suggest that further steps are necessary to nationalise the existing budgetary and reconciliation procedures, so as to conform to a fixed periodicity not exceeding one year. The Committee desire a specific report in this regard.

[S. No. 7 Appendix XVII (Para 2.23) of 10th Report of P.A.C. (Sixth Lok Sabha)]

Action Taken

Prior to the departmentalisation of accounts in the Central Ministries/Departments, all transactions relating to 'Loss by exchange' including those in Indian Missions abroad, were consolidated by the then Accountant General, Central Revenues (now Director of Audit Central Revenues) and progressive figures were reported to the Ministry of Finance for providing necessary funds for their adjustment on his books. On this basis, necessary funds were provided by this Ministry in the Grant 'Other Expenditure of the Ministry of Finance'. Cases of excess over the budget provision sometimes occurred due to delay in the receipt of debit advices in the Ministry of Finance as happened during the year 1976-77, *vide* this Ministry's Note printed as Appendix V to the PAC's 104th Report (Sixth Lok Sabha).

After the departmentalisation of accounts, the accounts of Indian Missions abroad are being received by the Controller of Accounts, Ministry of External Affairs and adjusted in his books under the prescribed heads of accounts. The budgetary and the reconciliation procedures in regard to the adjustment of 'loss by exchange' have been reviewed in consultation with the Controller General of Accounts. The Controller of Accounts, Ministry of External Affairs will continue to adjust such losses to the final head in his books. On the basis of the monthly accounts received from the Missions abroad and other record maintained by him, the Controller of Accounts, Ministry of External Affairs will furnish figures of actuals upto the month of November each year and projection for the rest of the year at the Budget Estimate stage as also at the Revised Estimate stage, to the Ministry of Finance for making necessary provision in the Grant—Other Expenditure of the Ministry of Finance.

As regards debits pertaining to the pre-departmentalisation period, the Director of Audit, Central Revenues has been requested to check up whether any more adjustments are pending with him for the pre-departmentalisation period (*i.e.* prior to 1st October 1976) and Controller of Accounts, Ministry of External Affairs will

coordinate and intimate the same to the Budget Division for provision of funds in the current year.

It is hoped that the foregoing steps would enable clearance of any backlog on this account and also result in avoidance of excess in future.

[Ministry of Finance (Department of Economic Affairs) O.M. No. F.7(27)-B(SE)/78 dated 19-7-1979]

Recommendation

2.26. The excess expenditure of Rs. 10.08 crores occurred under sub-head "AAI—House Building Advances" against the final grant of Rs. 13.59 crores under this sub-head. The excess represents 74.17 per cent of this final grant. There was a similar excess of Rs. 4.18 crores under sub-head E.A. Loans to Government Servants etc.—House Building Purposes during the year 1972-73 also. As in the past, the excess is attributed, *inter alia,* to spurt in construction activity and allotment of large number of ready built flats by the Delhi Development Authority and other housing societies|agencies. The Committee do not fully appreciate the reasons advanced for such huge excess of Rs. 13.59 crores. While realising that the actual releases of house building advances are made by the various Ministries or Departments and offices under them, the Committee also observe that all individual applications have to be approved by the Ministry of Works & Housing. The Ministry of Works and Housing, who thus exercise overall control for the grant of such advances, could have minimised the excess expenditure by more precise quantification of the additional anticipated requirements while augmenting the original budget provision. That the uncovered excess was brought down to a figure of Rs. 1.10 crores, only highlights the extent to which the estimates were over-pitched in so far as other sub-heads in the grant are concerned.

2.27. The Committee find that with effect from 1 April 1978, power to sanction house building advances to Central Government servants has been decentralised and that individual Ministries or Departments will now be responsible for control over disbursement of advances to their staff against the funds allotted to them. The Committee would like to observe through the next year's Appropriation Accounts how for the decentralisation has helped to improve the overall Budgetary control.

[S. No. 8 & 9 Appendix XVII (Paras 2.26 and 2.27) of 104th Report of P.A.C. (6th Lok Sabha).]

Action Taken

The House Building Advance for purchase of a ready-built flat/ house is paid to the applicant in one go while advance for construction is paid in 3 or 4 instalments. When the work relating to grant of House Building Advances was centralised in the Ministry of Works and Housing, the Ministry issued only approvals to the grant of advance. Such approvals, when conveyed in the second half of the year, were likely to be acted upon by the concerned Ministries/ Departments in the following year in the case of construction as various legal formalities had to be gone through before the 1st instalment was released and second and subsequent instalments were released at various stages of a construction spread over a period of time. This position has been accepted in the HBA Rules also as recovery is commenced after the completion of the house or 18 months from the release of the 1st instalment for construction. The Ministry of Works and Housing had accorded approvals to the grant of HBA in excess of the actual grant on the normal assumption that actual expenditure would be incurred during the subsequent years. However, with the Ministries sanctioning house building advances for purchase of ready built flats and construction in a large number of cases, the anticipation made by the Ministry of Works and Housing that substantial amount of the advance approved would be actually paid in the subsequent year did not materialise and the expenditure exceeded the budget grant. This is attributable mostly to the following factors:—

(i) Heavy drawals due to spurt in construction activity on account of easy availability of cement and other building material;

(ii) Alltoment of large number of ready-built flats by the DDA and other Housing Societies/Agencies.

(iii) Because of the factor at (i) above, the sanctions issued during the previous years were also acted upon resulting in the fullest utilisation of the advance.

2. To avoid recurrence of the situation as far as possible, the work relating to grant of house building advances was decentralised *w.e.f.* 1-4-1978 and available funds are now placed at the disposal of the Ministries/Departments for grant of house building advances to the employees under their control. To minitor the expenditure incurred by the various Ministries/Departments, one 6-monthly return covering the period April—September followed by 3 bi-monthly returns

have also been prescribed. The need to regulate sanction of expenditure strictly within the limits of funds allocated has also been impressed upon the Ministries. It is felt that with these steps, the variations between the final grant and the actual expenditure would be reduced to the minimum possible level. Copies of the orders issued in this regard are enclosed.

3. This Note has been vetted by Audit.

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F. 8(114)-B(R&D)/78 dated 1-6-79]

(COPY)

No. I/17015/2/78-H. III

GOVERNMENT OF INDIA

MINISTRY OF WORKS AND HOUSING

New Delhi, dated 15-9-1978.

OFFICE MEMORANDUM

SUBJECT:—*Grant of Houses Building Advance to Central Government servants—Submission of reports by the various Ministries/Departments of the Government of India on the expenditure incurred on grant of H.B.A. during the financial year* 1978-79.

The undersigned is directed to invite a reference to Para 4 of this Ministry's Office Memorandum No. I/17015/47/77/H. III dated the 17th March 1978 and to request that the first six monthly report on the expenditure incurred on House Building Advance during the financial year 1978-79 may be sent to this Ministry in the prescribed proforma (Appendix—IV of the Office-Memo. referred to above) positively *by the 7th of October* 1978 as the figures are required for considering the proposal for revised estimates for grant of House Building Advance for 1978-79.

2. Ministries/Departments are also requested to ensure that in no case expenditure exceeds the allotment of funds, already made. For this purpose, certificate of availability of funds should be invariably insisted upon by the sanctioning authority as a part of internal mechanism.

3. This may please be treated as immediate.

Sd/- A. P. JAIN,
Under Secretary to the Govt. of India.

To,

1. All the Ministries/Departments of the Govt. of India (As per list).
2. The Union Territories without legislature (As per list).

(COPY)

No. I/17015/2/78-H. III

GOVERNMENT OF INDIA

MINISTRY OF WORKS & HOUSING

(NIRMAN AUR AWAS MANTRALAYA)

New Delhi, dated the 25th Oct. 1978.

OFFICE MEMORANDUM

SUBJECT:—*Grant of House Building Advance to Central Government servants—Submission of reports by the various Ministries/ Departments of the Govt. of India on the expenditure incurred on grant of HBA during the financial year* 1978-79.

The undersigned directed to invite a reference to para 4 of this Ministry's O.M. of even number dated 17-3-78 and subsequent O.M. of even number dated 15-9-78 requesting the various Ministries to furnish the first six monthly report on the expenditure incurred on house building advances, by the 7th of October, 1978. It is, however, observed that some Ministries like Railway Board, Communications, Defence, C&AG, etc. have not sent the report for the Ministry, including their attached and subordinate offices, as a whole, but have directed their units in the field to send the report direct to this Ministry. The funds for the purpose of house building advance have been placed at the disposal of the Ministries and they are themselves responsible not only for the expenditure incurred but also to furnish the reports about the expenditure incurred to this Ministry. It is, therefore, requested that all the Ministries may obtain the required information from their Attached and Subordinate offices and furnish to this Ministry in a consolidated form in the prescribed proforma (Appendix IV to O.M. dated 17-3-78) immediately and not later than the 6th November, 1978. The information received from authorities subordinate to the Ministries/Departments is likely to be ignored.

2. The position in regard to BE 78-79, RE 78-79 and BE 79-80 may also be indicated in the proforma attached alongwith the above report, for timely preparation of estimates.

Sd/- A. P. JAIN,
Under Secretary to the Govt. of India.

To,

1. All the Ministries/Deptts. of the Govt. of India (as per list).
2. The Union Territories without legislature (as per list).

Name of Sub-Head	Actual 1977-78	B.E. 1978-79	Exp. upto 30-9-87	Anticipated Expenditure from 1-10-78 to 31-3-79	RE 1978-79	BE 1979-89
1	2	3	4	5	6	7
AA'I House Building Advance						

(COPY)

No. I/17015/2/78-H. III

GOVERNMENT OF INDIA

MINISTRY OF WORKS & HOUSTING

New Delhi, dated 15th Deember, 78.

OFFICE MEMORANDUM

SUBJECT:—*Grant of House Building Advance to Central Government servants—Submission of reports by the various Ministries/ Departments of the Govt. of India on the expenditure incurred on grant of House Building Advance during the Financial year* 1978-79.

The undersigned is directed to invite a reference to Para 4 of this Ministry's Office Memorandum No. I/17015/47/77-H. III dated the 17th March 1978 and to request that the first bi-monthly report for the period October—November, 1978 on the expenditure incurred on grant of House Building Advance during the financial year 1978-79 may be sent to this Ministry in the prescribed proforma (Appendix-IV of Office Memorandum referred to above) latest by the 30th December, 1978. The subsequent bi-monthly reports for the periods December, 1978—January, 1979 and February—March, 1979 may also be furnished to this Ministry in time in future. While furnishing the reports, the instructions contained in this Ministry's Office Memorandum of even number dated the 25th October 1978 may be kept in view.

Sd/- A. P. JAIN,

Under Secretary to the Govt. of India.

To,

1. All the Ministries/Deptts. of the Govt. of India (as per list).
2. The Union Territories without legislature (as per list).

(COPY)

D.O. No. I/17015/2/78-H. III

N. K. Rewari,

Joint Secretary (Finance)

GOVERNMENT OF INDIA

MINISTRY OF WORKS & HOUSTING

New Delhi, dated 18th December, 1978.

Dear Shri

The work relating to house building advances was decentralised with effect from 1-4-1978 and funds were placed at the disposal of Ministries. In order to monitor the expenditure incurred on grant of house building advances during the financial year 1978-79, a six monthly report was prescribed in this Ministry's Office Memo. No. I/17015/47/77-H. III dated 17-3-78 covering the period April—September, 1978.

2. The report was due during the first week of October 1978, but your Ministry/Department has not furnished the same despite issue of two reminders dated 25-10-78 and 28-11-78. As the main objective was to assess the position of funds and to divert the funds from surplus Ministries to those which needed more funds, the non-availability of the information has frustrated the attempt to review the position meaningfully. May I, therefore, request you to ensure that the report both for the period April—September and October—November is furnished to this Ministry within 10 days?

Yours sincerely,

Sd/- N. K. REWARI.

Shri.....,

Financial Adviser,

Ministry/Department.

Government of India.

(COPY)

No. I|17015|1|78-H.III

GOVERNMENT OF INDIA

MINISTRY OF WORKS & HOUSTING

New Delhi, dated the 1st February, 1979.

OFFICE MEMORANDUM

SUBJECT:—*House Building Advance to Central Government employees—Position regarding funds during* 1979-80.

The Ministry of Agriculture & Irrigation, etc., are again advised that there is no possibility of increased allocation of funds for House Building Advances being available in the Revised Estimate for the current year. The Ministries|Departments should, therefore, ensure that the actual expenditure does not exceed the amount already placed at their disposal. The periodical expenditure returns should be furnished to this Ministry, as prescribed, so that the grant as a whole is monitored by this Ministry. They are also requested to surrender, to this Ministry, latest by 5-2-1979, the amount, found surplus to their requirements which cannot be spent up to 31-3-1979 so that the same could be diverted to the Ministries/Departments who need more funds. Any variation, ultimately found in the amount allocated to them, has to be explained by the Ministries|Departments administering such funds.

2. The Ministry of Agriculture and Irrigation, etc. are also cautioned that during the next year, i.e. 1979-80, a much smaller amount is likely to be made available to them for the purpose of grant of house building advance. They should, therefore, while sanctioning any application, even during the current financial year which would have the effect of committing release of various instalments, during the next financial year also, keep the limitation of funds in full view. Requests for allotment of additional funds on the pleas of meeting such committed liability, during 1979-80, would not be considered. Similarly, no request from the applicants or recommendations from any Ministry|Department for postponement of recovery on account of non-completion of the house by the loanee, due to non-release of instalments of house building advance, would be agreed to by this Ministry.

Sd/- A. P. JAIN,

Under Secretary to the Govt. of India.

To,

1. All Ministries/Departments of Govt. of India.

2. Union Territories (without legislature).

Copy forwarded to:—

1. The Comptroller and Auditor General of India, New Delhi.

2. Finance Division (W & E), Ministry of W & H, New Delhi.

3. All Attached/Subordinate Offices under the Ministry of Works & Housing.

4. PS to HM.

5. PS to Secretary/JS(F).

6. Spare copies folder (20 copies).

7. Copy for File No. I/17015/2/78-H.III.

Sd/- A. P. JAIN,

Under Secretary to the Govt. of India.

Recommendation

The Committee find that the overall excess under Grant No. 66-Broadcasting, occurred mainly under head 'A.1(4)—Operation and Maintenance. After setting off savings it comes to Rs. 7.03 lakhs. It is significant that but for the savings, the real excess would have been much more i.e. Rs. 71.15 lakhs, representing 15.6 per cent of the total grant. The committee note that excess under this grant administered by the Ministry of Information and Broadcasting has been persistent. The figures of excess for the year 1973-74 aggregated to Rs. 29.50 lakhs and in 1974-75 to Rs. 52.18 lakhs. The excess has been attributed mainly to issue of more stores and accelerated progress of works, anticipated expenditure on which, in the opinion of the Committee is easily ascertainable, at least at the time of framing of the Revised Estimates. The Committee are concerned at this apparently persistent tendency on the part of the Ministry of Information and Broadcasting not to foresee and make adequate provision for anticipated needs. The Committee would urge the Ministry to take earnest measures to effect improvement in figure.

[S. No. 13 Appendix XVII (Para 2.41) of 104th of the PAC—6th Lok Sabha]

Action Taken

The following table would indicate the figures of actual excess of saving under the broadcasting grant from the year 1970-71 onwards:—

(*Rs. in lakhs*)

Year	Grant as voted by Parliament (including Supplementary grant, if any)	Actual Expenditure	Excess(+) Saving(—)
1970-71	1347·13	1307·79	(—) 39·94
1971-72	1644·92	1570·54	(—) 74·38
1972-73 including	1724·75	1664·09	(—) 60·67
1973-74 Doordarshan	1802·80	1832·30	(+) 29·50
1974-75	2498·74	2550·92	(+) 52·18
1975-76	3666·25	3512·46	(—) 153·79
1976-77	5804·08	5811·11	(+) 7·03
1977-78	5788·13	5676·08	(—) 112·05

The Committee, while pointing out the excess under the broadcasting grant during the year 1973-74, 1974-75 and 1976-77, have observed that in order to avoid this persistent tendency to exceed the voted grant, the Ministry should take earnest measures to effect improvements in future. In order to avoid large scale variations between the actual expenditure vis-a-vis the voted grant, whether it is in the shape of excess of saving, suitable instructions were again issued at the time of communicating accepted budget figures in January last to all the AIR units/offices etc. to strictly watch the expenditure so as to limit it to the Revised allocations made to them, as primarily these AIR offices/Units spread throughout the country are the first vital link of control on expenditure. The observations of the PAC has also been brought to their notice.

3. Besides departmental prescribed checks in AIR offices/Units to keep the expenditure within budget by Drawing and Disbursing Officers, the allocated budget provisions are available with respective Pay and Accounts Officer who will advise excess over budget to DDOs/Head of Departments as soon as noticed. This will serve as an additional check, if the excess takes place upto February of each year.

4. As regards 'Suspense-Stock' and 'Maintenance' which are being operated upon by Station Engineer, Central Stores Office, AIR, New

Delhi instructions have been issued to him to keep a close watch so as to ensure that in future expenditure under these two heads is restricted to the authorised allocations made by Government. A Copy of this Directorate General All India Radio's Memorandum No. 3|1|78-B&A, dated 11-6-79 is also enclosed.

5. It is hoped that with the issue of the departmental instructions referred to above and the check which now Pay and Accounts Offices are exercising in the revised set up, there would be no chance of exceeding the budgetary allocation as voted by Parliamentary hereafter.

[Ministry of Information and Broadcasting U.O. 3/6/78-B(P) dated the 25th June, 1979].

(COPY)

GOVERNMENT OF INDIA

DIRECTORATE GENERAL, ALL INDIA RADIO

No. 3/1/78-B&A *New Delhi, dated* 11-6-79.

MEMORANDUM

SUBJECT:—*Excess over authorised Grant—Comments/Observations of the Public Accounts Committee—104th Report (Sixth Lok Sabha).*

During 1976-77 there were large variation between the Sanctioned Budget Grant plus Supplementary Grant, and amounts provided through re-appropriation, and the actual expenditure. This has been viewed seriously by the Public Accounts Committee *vide* their recommendations contained in 104th Report (Sixth Lok Sabha) which is reproduced below:—

"2.41. The Committee find that the overall excess under Grant No. 66-Broadcasting, occurred mainly under head 'A.1(4)-Operation and Maintenance'. After setting off savings, it comes to Rs. 7.93 lakhs. It is significant that but for the savings the real excess would have been much more i.e. Rs. 71.15 lakhs, representing 15.6 per cent of the total grant. The Committee note that excess under this grant administered by the Ministry of Information and Broadcasting has been persistent. The figures of excess for the year 1973-74 aggregating to Rs. 29.59 lakhs and in 1974-75 to Rs. 52.18 lakhs. The excess has been attributed mainly to issue of more stores and accelerated progress of works, anticipated

expenditure on which, in the opinion of the Committee is more easily ascertainable, at least at the time of framing of the Revised Estimates. The Committee are concerned at this apparently persistent tendency on the part of the Ministry of Information & Broadcasting not to foresee and make adequate provision for anticipated needs. The Committee would urge the Ministry to take earnest measures to effect improvement in future.

In view of the above recommendations and budget control as laid down in G.F.R., Station Engineer, Central Stores, All India Radio, New Delhi, may please ensure that in future the actual expenditure should in no case exceed the authorised allotments under 'Maintenance', 'Suspense—Stock, and Suspense-other Suspense Accounts' respectively. Non-compliance of these instructions will be viewed seriously.

Sd|- (H. S. Jolly),
Addl. Chief Engineer,
For Director General.

The Station Engineer,
Central Stores,
All India Radio,
New Delhi

Copy to:—

(1) E-II Section.

(2) Ministry of I & B (file No. 3|6|78-B(P).

Sd|- (H. S. Jolly),
Addl. Chief Engineer,
For Director General.

Preparation of Proforma Accounts—Report of the Comptroller and Auditor General of India for the year 1976-77.

Consolidated Proforma Accounts are prepared in respect of the following:—

1. Commercial Broadcasting Service.
2. Radio Publications.
3. AIR Stations|Offices.

Proforma Accounts in respect of (1) & (2) above for the year 1974-75 have already been prepared and certified by Audit on 7-7-78 and 5-8-78 respectively. Accounts for AIR Stations|Offices for 1974-75 were finalised and sent to Member Audit Board in February last.

2. As regards the present position about preparation of Proforma Accounts for 1975-76 is concerned, it may be mentioned that out of 130 units of AIR, Accounts from 11 Units only are yet to be received. Of the remaining 119 accounts received in the Directorate, 116 have already been approved and returned to concerned AIR Units. Of these 116 approved accounts, certified copies in respect of 76 Units have been received from different Audit Offices.

3. As regards the accounts for the year 1976-77, we have already received accounts from 80 Units. Out of these, audited certified copies have been received in respect of 24 Units. Simultaneous action is being taken to get accounts prepared for the year 1977-78 also.

4. In view of the considerable back log in preparation and finalising the Proforma Accounts, the position was examined recently in the Ministry and it was decided to put extra Accountants on this work and to make efforts to finalise accounts for the years 1975-76 and 1976-77 by the end of September, 1979. To adhere to this target, the Directorate has already issued urgent instructions to all the AIR Units, laying down a strict schedule. It is hoped that in so far as the year 1975-76 is concerned, the pending accounts from the remaining 11 Units would be received by the end of this month. These will be examined and approved copies went to the concerned Audit Offices without any delay.

5. It may be stated that apart from the fact that AIR is a vast organisation having 130 Stations/Offices, some of them scattered at remote and far-flung places, the delay usually occurs at various stages as according to the procedure, the accounts are initially prepared by the Stations/Units themselves, then checked and approved by the Directorate, and thereafter these approved accounts are submitted to the respective Audit Offices for further check. The audited copies thereafter passed on to the respective Stations/Offices the Directorate and the Resident Audit Officer in AIR, New Delhi. The consolidation of accounts is held up even when one account is not available. Unavoidable delay in Audit Offices is also found to be quite considerable ranging on an average between 3 to 6 months.

Recommendation

Subject to the above observations contained in the preceding paragraphs of this Report, the Committee recommend that the excess expenditure referred to in paragraph 2.1 of the Report be regularised

in the manner prescribed in Article 115(1) (6) of the Constitution of India.

[S.No. 20 Appendix XVII (Para 2.57) of 104th Report of PAC (6th Lok Sabha)].

Action Taken

The Demands for Excess Grants (Excluding Railways) for the year 1976-77 were passed by the Lok Sabha on 19-3-1979. The connected Appropriation Bill was passed by the Lok Sabha on 20-3-1979 and by the Rajya Sabha on 26-3-1979 and was also assented to by the President on 29-3-1979.

[Ministry of Finance (Department of Economic Affairs) O.M. No. F. 8(114)—B (B&A)/78 dated 1-6-1970]

Recommendation

The Committee had, in paragraph 3.7 of their 38th Report (Sixth Lok Sabha) taken a serious view of the persistent delays that had been taking place in the submission of Action Taken Notes and had desired to be apprised of the measures contemplated to ensure that Action Taken Notes were invariably furnished to them within the stipulated time limit of six months. The Committee find that in pursuance of their recommendation, Ministries or Departments have once again been requested by the Ministry of Finance that Action Taken Notes should be finalised and submitted within the prescribed period of six months. It is rather disconcerting that despite the comments of the Committee in their earlier reports and the fact that instructions had been repeatedly issued by the Ministry of Finance in February 1974, July 1976, August 1977 and June, 1978, delays continue to occur this year as well. 17 Action Taken Notes in respect of recommendations contained in their 38th Report (Sixth Lok Sabha) were received after the due date *viz.*, 14th May, 1978. The delay was of the order of a month and a half in 12 cases. Whereas two notes from the Ministry of Defence were received after a delay of over two weeks, one note from the Ministry of Home Affairs was received after 3-1|2 months on 1-9-1978. The note from the Ministry of Shipping and Transport was, however, received on 11-7-1978. One advance note from the Ministry of Health and Family Welfare was received after 5 months. The Committee take a very serious view of the delay, particularly occurring in the Ministry of Home Affairs and the Ministry of Health and Family Welfare and feel that the instructions issued by the Ministry of Finance are observed more in breach than in compliance. They

would like to be reassured that the recommendations of the Committee receive prompt attention and the time schedule prescribed for furnishing the Action Taken Notes is scrupulously followed in future, save in exceptional cases and that too for unavoidable reasons.

[Sl. No. 21 (Para 3.7) of Appendix XVII to 104th Report of the P.A.C. (6th Lok Sabha)]

(i) Ministry of Defence:

Action Taken

In the recommendation, the P.A.C. have *inter alia* pointed out that two Action Taken Notes from the Ministry of Defence were received after a delay of over two weeks from the due date. This observation relates to the Action Taken Note on Sl. Nos. 24 and 25 (Paras. 2.65 and 2.66) of Appendix XXXVII to 38th Report of the P.A.C. (6th Lok Sabha). In this case the last date for the submission of the Action Taken Notes was 14th May, 1978 and Notes were forwarded to the Lok Sabha Secretariat by this Ministry on the 31st May, 1978. This short delay in the submission of the note was, however, covered by the extension of time granted by the Lok Sabha Secretariat upto 15th June, 1978 *vide* their O.M. No. 20|1|2|77|PAC, dated the 15th May, 1978.

2 In this connection, it may also be mentioned that this delay of two weeks was also commented upon by the P.A.C. at Sl. No. 16 (Para 3.4) of Appendix VI to the 87th Report (6th Lok Sabha) and the action taken note with reference to this recommendation was sent to the Lok Sabha Secretariat under this Ministry's u.o. No 58(1)/78/D(Air-I) dated 19th October, 1978. Nevertheless, the observations of the P.A.C. have been noted for strict compliance of the time limit in future.

3. D.A.D.S. has seen.

[Ministry of Defence *u.o.* No. 58(1)|79|D(Air-I) dated 30-4-1979]

(ii) Ministry of Home Affairs:

In para 3.7 of 38th Report (Sixth Lok Sabha) the Public Accounts Committee had taken a serious view of the late submission of Action Taken Note to them by the Ministry of Home Affairs in respect of para 2.29 of 227th Report (fifth Lok Sabha) of the Committee. As the para 3.7 related to the Ministry of Finance (Expenditure)|Defence|Works and Housing|Home Affairs, in compliance with para (a) of the Ministry of Finance O.M. No. F.12(38)-E(Coord)/76 dated

18-1-77 (Copy enclosed), it was decided in December 1977 in consultation with the Ministry of Finance (Department of Expenditure) that a Joint Action Taken Note in respect of para 3.7 of 32th Report would be prepared by the Ministry of Finance and sent by them to the Lok Sabha Secretariat. The latter, however, advised subsequently in August 1978 that a separate Action Taken Note would have to be prepared. At this stage in order to get the Action Taken Note vetted by Audit, this Ministry requested the Lok Sabha Secretariat *vide* O.M. No. U.15030/6/77-AC.II dated 23-8-78 for grant of extension upto 15th September, 1958 and finally submitted the Action Taken Note on 1-9-78. It will appear from the above that the delay in sending the Action Taken Note in this case was purely due to a misapprehension in this Ministry and the Ministry of Finance. This is regretted. The recommendations of the Committee are invariably given prompt attention and it is the constant endeavour of this Ministry to adhere to the time limit for sending Action Taken Notes.

[Ministry of Home Affairs O.M. No. U. 15030|1|79-AC. II Dated 2nd March, 1979.]

(Copy)

No. F. 12|(38)-EC(Coord)|76

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

Department of Expenditure

New Delhi, the 18th January, 1977.

OFFICE MEMORANDUM

SUBJECT:—*Timely submission of Action Taken Notes on recommendations in the Reports of the Public Accounts Committee.*

The institutional arrangement to monitor timely submission of Action Taken Notes on the recommendations of the Public Accounts Committee was laid down in this Ministry's O.M. No. F.12(24)-E (Coord)/76 dated 28th July, 1976. It has been noticed that the position still continues to be far from satisfactory and delays continue to occur for one reason or the other. In order that Financial Advisers are able to discharge effectively their responsibility as 'local point' the following drill may be adopted by them with such modifications as may be considered necessary in individual cases:—

(a) As soon as a report is received it should be gone through to spot out the recommendations marked jointly to one or more Ministries|Departments. If there is any such recommendation, it should be determined by mutual consultation whether each Ministry|Department should submit Action Taken Notes separately or one single Action Taken Note would suffice and if so which Ministry|Department would be responsible for the same. Such decisions should be taken at sufficiently high level (Not below the level of Joint Secretary in any case).

(b) Every endeavour should be made to finalise the action Taken Notes within 4 months of the date of presentation of the Report to the Lok Sabha.

(c) In respect of the recommendations on which Action Taken Notes are not finalised within 4 months, the Financial Advisor should submit a Report to the Secretary to his Ministry|Department so that the highest level is kept informed of the position.

(d) During the 5th month the Financial Adviser should convene inter/inter-departmental meeting of the concerned officers at such level as may be deemed necessary to ascertain the reasons for delay in finalising the Action Taken Notes, to remove possible bottlenecks to cut short delays in prolonged correspondence.

(e) If at the close of the fifth month of the presentation of the Report it is anticipated that submission of Final "Action Taken Notes" will not be possible within the remaining one month, the Ministry|Department shall be advised by the Financial Adviser to seek extension of time from the Lok Sabha Secretariat.

(f) All communications addressed to Lok Sabha Sectt. regarding Action Taken Notes (forwarding copies there of and|or seeking extension of time) will be endorsed to the Ministry of Finance, Department of Expenditure (Monitoring Cell).

2. The Ministry of Agriculture and Irrigation etc. may kindly note the above arrangements for necessary action.

Sd/-

(J. P. Das)

Joint Secretary to the Govt. of India

To

All the Ministries/Departments of the Govt. of India.

Copy to:—

All Integrated Financial Advisers (by name)

Sd/-

(J. P. Das)

Joint Secretary to the Govt. of India

(iii) *Ministry of Shipping and Transport (Transport Wing)*:

So far as Ministry of Shipping and Transport are concerned, Roads Wing's Action taken Note on Recommendation No. 20 of 38th Report of P.A.C. (Sixth Lok Sabha) reached Lok Sabha Secretariat on 11-7-78 *i.e.*, late by about two months of the prescribed date *viz.*, 14-5-78. The circumstances which led to this delay have been investigated. It has been found that the delay was mainly due to non-finalisation of revised accounting procedure relating to National Highways which required consultations with various Ministries *viz.*, Ministry of Finance, Ministry of Law and the Office of the C.&A.G. In view of its complicated nature the procedure has not been finalised even up till now. However, the observations of the Committee under reply have been circulated to the officers concerned in this Ministry *vide* this Ministry's endt. No. BPC-3/79 dated 19-3-79 (Annexure 'A') with the request to ensure scrupulous adherence to the time schedule prescribed for submission of Action taken Notes to the Committee to avoid delay in future.

[Ministry of Shipping and Transport O.M. No. BPC-3|79 dated 19-3-1979]

(Copy)

ANNEXURE 'A'

GOVERNMENT OF INDIA

MINISTRY OF SHIPPING AND TRANSPORT

(Transport Wing)

No. BPC-3|79 Jamnagar House,

New Delhi, the 19th March, 1979.

SUBJECT:—*Action taken on the recommendations contained in the 104th Report (Sixth Lok Sabha) of the Public Accounts Committee on 'Excesses over Voted Grants/Charged Appropriations (Civil) for the year 1976-77' and on the action taken by Government on the recommendations of the P.A.C. contained in their 38th Report (Sixth Lok Sabha).*

In para 3.7 of their 104th Report (1978-79) (Sixth Lok Sabha), the Public Accounts Committee have made the following observations:—

"The Committee had, in paragraph 3.7 of their 38th Report (Sixth Lok Sabha) taken a serious view of the persistent delays that had been taking place in the submission of Action taken Notes and had desired to be apprised of the measures contemplated to ensure that Action taken Notes were invariably furnished to them within the stipulated time limit of six months. The Committee find that in pursuance of their recommendation, Ministries or Departments have once again been requested by the Ministry of Finance that Action taken Notes should be finalised and submitted within the prescribed period of six months. It is rather disconcerting that despite the comments of the Committee in their earlier reports and the fact that instructions had been repeatedly issued by the Ministry of Finance in February 1974, July 1976, August 1977 and June 1978, delays continue to occur this year as well. 17 Action taken Notes in respect of recommendations contained in their 38th Report (Sixth Lok Sabha) were received after the due date *viz.*, 14th May, 1978. The delay was of the order of a month and a half in 12 cases. Whereas two notes from the Ministry of Defence were received after a delay of over two weeks one note from the Ministry of Home Affairs was received after 3½

months on 1.9.1978. The note from the Ministry of Shipping and Transport was, however, received on 11.7.1978. One advance note from the Ministry of Health and Family Welfare was received after 5 months. The Committee take a very serious view of the delays, particularly occurring in the Ministry of Home Affairs and the Ministry of Health and Family Welfare and feel that the instructions issued by the Ministry of Finance are observed more in breach than in compliance. They would like to be reassured that the recommendations of the Committee receive prompt attention and the time schedule prescribed for furnishing the Action taken Notes is scrupulously followed in future, save in exceptional cases and that too for unavoidable reasons.

2. The observations made by the Public Accounts Committee are brought to the notice of all concerned officers with the request kindly to ensure scrupulous adherence to the time schedule prescribed for submission of Action taken Notes to the Committee to avoid delay in future.

Sd/-
INDER JIT MURGAI,
Under Secretary (Budget)
(Tel. No. 387614)

To

1. D.G. (RD) and Addl. Secretary|J.S.(S)|J.S.(T)|J.S.(P)| Secretary (BRDB)|Dir(PD)|Dir(MM)|CE&A(IWT)|D.S.(L) D.S.| (PT) |D.S.(RT) |D.S.(E)|D.S.(IC)|D.S. (P and B)| D.S.(R)|D.S.(C)|D.S. (BRDB)|C.C.C.
2. All Under Secretaries/Desk Officers/Sections in Transport Wing and Roads Wing.

(iv) *Ministry of Health and Family Welfare (Department of Health)*: . .

***It is stated that in so far as the Ministry of Health and Family Welfare is concerned, it is re-assured that in future the Action Taken notes on the Recommendations of the P.A.C. will be submitted to the Lok Sabha Secretariat within the prescribed time limit *viz.*, six months. It is further stated that the instructions issued in this regard by the Ministry of Finance, Department of Expenditure on 15th February, 1974, 23rd July, 1976, 12th August, 1977 and 19th June, 1978 have already been circulated to all concerned in the Ministry of Health and Family Welfare. The need for strict compliance with these instructions on the subject has been reiterated to them.

[Ministry of Health and Family Welfare (Department of Health) O.M. No. G-25015/1/79-B dated the 15th March, 1979]

(v) *Ministry of Finance (Department of Expenditure).*

Recommendation

3.7. The Committee had, in paragraph 3.7 of their 38th Report (Sixth Lok Sabha) taken a serious view of the persistent delays that had been taking place in the submission of Action Taken Notes and had desired to be apprised of the measures contemplated to ensure that Action Taken Notes were invariably furnished to them within the stipulated time limit of six months. The Committee find that in pursuance of their recommendation, Ministries or Departments have once again been requested by the Ministry of Finance that Action Taken Notes should be finalised and submitted within the prescribed period of six months. It is rather disconcerting that despite the comments of the Committee in their earlier reports and the fact that instructions had been repeatedly issued by the Ministry of Finance in February 1974, July 1976, August 1977 and June, 1978, delays continue to occur this year as well. 17 Action Taken Notes in respect of recommendations contained in their 38th Report (Sixth Lok Sabha) were received after the due date *viz.*, 14th May, 1978. The delay was of the order of a month and a half in 12 cases. Whereas two notes from the Ministry of Defence were received after a delay of over two weeks one note from the Ministry of Home Affairs was received after 3½ months on 1st September, 1978. The note from the Ministry of Shipping and Transport was, however, received on 11th July, 1978. One advance note from the Ministry of Health and Family Welfare was received after 5 months. The Committee take a very serious view of the delays, particularly occurring in the Ministry of Home Affairs and the Ministry of Health and Family Welfare and feel that the instructions issued by the Ministry of Finance are observed more in breach than in compliance. They would like to be reassured that the recommendations of the Committee receive prompt attention and the time schedule prescribed for furnishing the Action Taken Notes is scrupulously followed in future, save in exceptional cases and that too for unavoidable reasons.

3.8. The Committee would like that final replies to the recommendations on which interim replies have so far been sent, are furnished to them, duly vetted by Audit, without further delay.

[Sl. Nos. 21 & 22 Appendix XVII (Paras 3.7 & 3.8 of the 104th Report of Public Accounts Committee (Sixth Lok Sabha)]

Action Taken

The above recommendations have been circulated to all the Ministries/Departments of the Government of India for strict compliance *vide* our O.M. No. F. 12(7)-E(Coord)/78, dated the 31st

March, 1979 (Copy enclosed). Reminders will be issued by the Monitoring Cell more systematically to the Ministries/Departments for furnishing the final Action Taken Notes within the stipulated time limit of six months.

[Ministry of Finance (Department of Expenditure) O.M. No. F.12(17)-E(Coord)/78, dated the 4th April, 1979]

COPY

No. F.12(17)-E(Coord)/78

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Expenditure)

New Delhi, the 31*st March,* 1979

OFFICE MEMORANDUM

SUBJECT.—104*th Report of the Public Accounts Committee (Sixth Lok Sabha)* (1978-79) *regarding Excess over voted Grants and Charged Appropriations.*

The undersigned is directed to forward herewith* for information and necessary action the extracts of paras 3.7 and 3.8 (Recommendation Nos. 21 and 22) in Appendix XVII of the 104th Report of the Public Accounts Committee (Sixth Lok Sabha). It will be observed that the Committee have taken a serious view of the persistent delays that had been taking place in the submission of Action Taken Notes in spite of the repeated instructions issued by this Department. According to the instructions, the final Action Taken Notes should be furnished tc the Lok Sabha Secretariat within the stipulated time limit of six months but the Committee have noted that the Action Taken Notes from certain Ministries were received after the due date. It is the desire of the Committee that its recommendations receive prompt attention and the time schedule prescribed for furnishing the Action Taken Notes is scrupulously followed in future, save in exceptional cases and that too for unavoidable reasons. The Committee also desire that final replies to the recommendations on which interim replies had been sent, are furnished to them, duly vetted by Audit, without further delay.

2. All Ministries/Departments of the Government of India are requested to adhere to the time schedule prescribed for submission of the Action Taken Notes in order to avoid further criticism from the Public Accounts Committee.

Sd/-
(G.S. RATHIE)
Deputy Secretary to the Government of India.

*Not reproduced.

To

All Ministries/Departments of the Government of India.

All Financial Advisers including F.A. (Defence) and Financial Commissioner (Railways).

II. RECOMMENDATIONS|OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF GOVERNMENT.

Recommendation

2.8. The gross excess of Rs. 2.01,572 is attributable to sub-head A.1(5) 'Office Expenses' under Grant No. 11, which was occasioned by substantially large and partly unanticipated expenditure on Telephone bills, furniture, typewriters, desert coolers and air-conditioners. Against the original grant of Rs. 6,00,000 for this sub-head, the actual expenditure amounted to Rs. 8,01,572 which works out to nearly 33 per cent in excess of the final grant. The excess has been attributed, *inter alia* to provision of immediate telephone facilities at the additional accommodation for the staff of the Ministry, as well as for installation of new telephone connections, purchase of additional furniture, stationery, typewriters etc., for additional clerical and other posts created and/or filled up during the year. Moreover, unanticipated expenditure of Rs. 90,497 was incurred during the month of March, 1977, consisting of Rs. 54,624/- for telephone charges, Rs. 16,766 for desert coolers and Rs. 18,873 for adjustment of the cost of air conditioners purchased in 1973-74 by the then composite Ministry of Petroleum and Chemicals.

2.9. The Committee feel that the requirements of telephone connections, furniture, stationery, typewriters etc., could have been realistically assessed and forecast as soon as the additional posts were created and/or filled and timely additional provisions should have been made in the Revised Estimates. Further adjustment of the cost of air conditioners purchased in 1973-74 could, in the opinion of the Committee have also been anticipated. The Committee suspect that liabilities on account of cost of air-conditioners, desert coolers and telephone charges was deliberately under-played at the time of Revised Estimates. The Committee would like the reasons for anticipatory savings under other sub-items to be investigated, so as to satisfy that there was no deliberate attempt to under estimate the cost of air conditioners etc.

[S. No. 3 & 4 Appendix XXVII (Paras 2.8 and 2.9 of 104th Report of P.A.C. (6th Lok Sabha)]

Action Taken

The Public Accounts Committee have observed that they would like the reasons for anticipated savings under other sub-items to be investigated so as to satisfy themselves that there was no deliberate attempt to under-estimate the cost of air conditioners, etc.

2. A statement showing the Budget provision, the revised estimate and the actuals for 1976-77 is enclosed. The reasons for savings under the various sub-heads have also been given in the Statement. It may be seen therefrom that, even at the time 'of Revised Estimates we had anticipated savings and these savings did actually materialise. Under the item 'Office Expenses' more expenditure (Rs. 0.75 lakhs) was anticipated because of additional requirement as a result of provision of telephones, furniture and other facilities for new posts created and/or filled up during the year. The position was again reviewed some time in March, 1977 and it was anticipated that the expenditure under 'Office Expenses' would exceed the Budget provision by Rs. 1.51 lakhs instead of 0.75 lakhs earlier estimated. This additional expenditure was expected to be covered by the overall savings under other sub-heads. However, the actual expenditure exceeded this additional amount (which had been provided by reappropriation) by Rs. 50,600. This excess was mainly on account of adjustment of the cost of two air-conditioners (Rs. 19,000) purchased in 1973-74 by the composite Ministry of Petroleum and Chemicals the debit in regard to which was received at the end of the financial year, cost of desert coolers (Rs. 16,800) and telephone charges, the payment of which could not be postponed to the next financial year.

3. It will thus be seen that there was no deliberate attempt to under-estimate the cost of air-conditioners, desert coolers and telephone charges. The expenditure was such as could not be foreseen and provided for or postponed to the next year.

4. However, the Ministry regrets the excess expenditure over the grant. Steps have been taken to ensure that such excess expenditure over the grant is avoided. The Ministry would like to point out that in 1977-78 there was no excess and the expenditure remained within the grant.

This has been vetted by Audit.

[Ministry of Petroleum, Chemicals & Fertilisers (Department of Chemicals & Fertilisers) O.M. No. G-20011/1/79-Estt. dated 27-8-79]

Statement showing excess/savings under various sub-Heads of Grant No. 11—Ministry of Chemicals and Fertilizers for the year 1976-77.

	B.E. 1976-77 Rs.	Revised Estimates 1976-77 Rs.	Actuals Rs.	Variations between (1) and (3) Rs.	Reasons for savings
	(1)	(2)	(3)	(4)	(5)
A.1(1)—Salaries	17,62,000	15,88,000	15,55,753	(—) 2,06,247	There was ad-hoc allocation of the Budget provision to this Ministry as a result of the bi urcation of the composite Ministry of Petroleum & Chemicals into two Ministries in March, 1976. Actual expenditure was less.
A.1(2)—Wages	42,000	33,000	34,378	(—) 7,622	Savings were due to engagement of less number of causal labour than anticipated as a measure of economy.
A.1(3)—Dearness Allowances	4,01,000	4,16,000	4,29,608	(+) 28,608	

	(1)	(2)	(3)	(4)	(5)
A.1(4)—Travel Expenses	3,25,000	2,50,000	2,40,311	(—) 84,689	The savings were partly due to ad-hoc budget allocation as result of bifurcation and also as a result of economic measures.
A.1(5)—Office Expenses	6,00,000	6,75,000	8,01,572	(+) 2,01,572	
A.1(6)—Payment for professional and Special Services	49,000	2,00,000	1,87,705	(+) 1,38,705	
A1.(7)—Publications	5,000	23,000	—	(—) 5,000	Ad-hoc provisions were made in the Budget under these sub-heads. However as at the time of review no expenditure was anticipated, the savings were adjusted against excess expenditure under other Sub-Heads.
A.1(8)—Hospitality and Sumptuary Allowances	17,000	16,000	—	(—) 17,000	
Total	32,01,000	32,01,000	32,49,327	(+) 48,327	

N.B. : '(+)' indicates excess and '(—)' indicates savings.

Recommendation

The Committee observe that the excess expenditure of Rs. 15,333/- incurred under Charged Appropriation No. 52, is mainly attributable to sub-head "A.2(1)-Directorate General, Border Security Force" and relates to the adjustment of decretal dues awarded by a Motor Accidents Claims Tribunal in an accident, on 1st January, 1969 involving a Border Security Force vehicle. The Bank which was conducting Government treasury business, made the payment on 5th October, 1972 against an attachment order. The amount paid had to be kept under 'suspense' and was adjusted finally only when the voucher and the details were furnished by the Chief Accounts Officer, Incharge Treasuries in October, 1976, after the matter was pursued by the Accountant General, Rajasthan. This case of avoidable excess underlines the need to reconcile and resolve promptly the discrepancies in monthly statement of accounts with supporting vouchers and details of the debit and to curb the tendency of transferring debits to 'suspense' head instead of clearance thereof to the final heads of account. The Committee would like the Ministry to examine the reasons for the lapse with a view to fixing responsibility for appropriate action. The Committee also desired that details about the other sub-head(s) from which saving were available, which have not been furnished in the explanatory note need elucidation now.

[S. No. 10 Appendix XVII (para 2.30) of 104th Report of PAC (6th Lok Sabha)]

Action Taken

The facts of the case briefly are that by an Order dated the 23rd Sept., 1972 the District Judge Sriganganagar ordered the State Bank of Bikaner and Jaipur, Sriganganagar to hold up sum of Rs. 25,333/- from the Central Government receipts and to deposit the amount in the Court in satisfaction of the decree passed in favour of Smt. Bimla Devi in connection with a claim under the Motor Vehicles Act. The Bank withheld the amount from the receipts of the Central Government from the daily account of 23rd Sept., 1972 by minus entry without submitting any voucher or details of the case. This fact was brought to the notice of the A.G. Rajasthan by the Treasury Officer. The Accountant General in turn brought this to the notice of the Rajasthan Government in his letter dated the 29th Oct., 1972. Since the voucher and the details of the payment made by the Bank were not furnished to the Accountant General, Rajasthan, along with the treasury account for Sept. 1972, the amount had to be kept by Accountant

General under 'Suspense'. The debits could be passed on by the Accuntant General, Rajasthan to the AGCR only in the exchange account for Sept. 1976 when the voucher and the details were furnished to him by the Chief Accounts Officer Incharge of Treasuries, Rajasthan after pursuance. The AGCR passed on the debits to DG BSF on 4th January, 1977 for adjustment in the account for 1976-77. Thus the amount had to be kept in 'Suspense' because payment was made by Bank under a Court injunction and the voucher and the details of the payment were not available to the AG Rajasthan for a considerable time.

2. When the debits were passed by the AGCR to DG BSF on 4th January, 1977 no supplementary appropriation could be obtained for accommodating this debit as the supplementary grant proposals for the year 1976-77 had already been finalised by that time. It would thus be observed that there was no lapse on the part of DG BSF also in not obtaining the supplementary grant.

3. It may be stated that as regards the need to reconcile and resolve promptly the discrepancies in the monthly statement of expenditure, necessary instructions have been issued by the Ministry of Finance and this Ministry from time to time. However, all the heads of the Department have again been instructed *vide* this Ministry's letter of even number dated the 2nd July, 1979 (copy enclosed) to ensure that the reconciliation of expenditure is made every month in a systematic manner.

4. A saving of Rs. 10,000/- occurred under the sub-head A.1(3)-Motor Vehicles (Charged) under which a provision of Rs. 20,000/- was made for payment of compensation expected to be awarded by the Motor Accident Tribunals and other Courts in the cases of accidents involving CRP vehicles. The actual expenditure under this sub-head was, however, Rs. 10,000/- only due to less number of such cases.

The note has been vetted by audit.

(V. S. JAFA)
Financial Adviser.

[Ministry of Home Affairs O.M. No. 34/1/79-AC.I, dated the 18th August, 1979]

(COPY)

No. 34|1|79-AC.I

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

* * * * *

* * * *

29. The Secretary, Department of Official Language, New Delhi.

New Delhi-110001, the 2nd July, 1979.

SUBJECT.—*Reconciliation of Expenditure—steps to be taken to check book adjustments made by the Pay and Accounts Offices regularly every month.*

Sir,

I am directed to say that an advance of Rs. 26,000 was sanctioned from the Contingency Fund of India during 1973-74 for payment of a decretal amount by an organisation under the control of this Ministry. It was, however, found that the State Bank of Bikaner and Jaipur Branch, which was conducting the Government Treasury Business on behalf of that Organisation had already made the payment to the decree-holder in October, 1972. The Supplementary Grant obtained during that year to recoup the advance obtained from the Contingency Fund of India remained unutilised. The debits for the amount were not passed on to the Organisation concerned till September, 1976 after which it was adjusted in the account for 1976-77 resulting in an excess in expenditure in that year. This excess could have been avoided had the departmental authorities done reconciliation of monthly expenditure regularly and had taken timely action to see that the debits for the payment made on their behalf in 1972 were duly passed on to them. The failure to take timely action in this behalf resulted in the amount being kept in suspense account from October, 1972 to September, 1976.

2. In para 2.30 of their 104th Report, the Public Accounts Committee (Sixth Lok Sabha) observed as follows:—

> ".....The Bank which was conducting Government treasury business, made the payment on 5th October, 1972 against an attachment order. The amount paid had to be kept under 'suspense' and was adjusted finally only when the voucher and the details were furnished by the Chief Accounts Officer, Incharge Treasuries in October, 1976, after the matter was pursued by the Accountant General, Rajasthan. This case of avoidable excess underlines the need to reconcile and resolve promptly the discrepancies in monthly statement of accounts with supporting vouchers and details of the debit and to curb the tendency of transferring debits to 'suspense' head instead of clearance thereof to the final heads of account....."

3. In this Ministry's letter No. 3/1/77-AC.III, dated 5th May, 1979. the heads of the Departments have been instructed to ensure

that the reconciliation of expenditure is made regularly every month in a systematic manner. The concerned authorities may kindly be instructed again to ensure that the reconciliation of expenditure is made regularly every month to avoid similar lapse in future. A serious view will be taken if such irregularities occur in future.

4. The receipt of the communication may please be acknowledged.

Yours faithfully,
Sd/-
ANAND SWAROOP
Asstt. Financial Adviser.
Tele. No. 372728

No. 34/1/79-A.C.I. *Dated the 2nd July*, 1979.

1. Copy forwarded to JS(A), Ministry of Home Affairs, New Delhi.

2. Copy forwarded to Director (Administration), Department of Personnel and Administrative Reforms, New Delhi.

Sd/-
ANAND SWAROOP
Asstt. Financial Adviser.
Tele. No. 372728

No. 34/1/79-A.C.I. *Dated the 2nd July*, 1979.

Copy for information and necessary action to Cash II Section, Ministry of Home Affairs, New Delhi.

Sd/-
ANAND SWAROOP
Asstt. Financial Adviser.
Tele. No. 372728

5 copies to AC.III Section.

Recommendation

Even though the excess during 1976-77 which have resulted exclusively from an omission to bring to account an expenditure for which Supplementary Appropriation was obtained during 1973-74, but it remained unutilised in that year and does not require regularisation on the analogy of recommendation contained in paragraph 4.26 of the 45th Report of the Committee (Third Lok Sabha), read with paragraph 7 of the Committee's 16th Report (First Lok Sabha), the Committee are unable to understand why

such an omission could not be accounted for earlier than in October, 1976. The Committee would like the Ministry to take effective remedial measures to obviate recurrence of such accounting omission under advice to them.

[S. No. 11 Appendix XVII (Para 2.31) of 104th Report of PAC (6th Lok Sabha)]

Action Taken

The reasons for the delay in adjustment have been explained in the Action Taken Note in respect of Para 2.30 of the 104th Report of the Public Accounts Committee (6th Lok Sabha). As already explained in the Action Taken Note in respect of para 2.30, instructions have been issued to all Authorities under the Ministry of Home Affairs stressing on them the need for reconciling and resolving promptly the discrepancies in the monthly statements of expenditure. It may further be stated that with the departmentalisation of accounts from 1st October, 1976 under which system payment and accountal functions are with the same authority such cases are not likely to recur.

The note has been vetted by audit.

[Ministry of Home Affairs O.M. No. 34/1/79-AC.I dated 18th August, 1979]

Recommendation

The Committee find that the excess expenditure under 'Voted Portion' of Grant No. 80—Roads, is mainly attributable to gross excess of Rs. 290.31 lakhs on the maintenance and repairs of National Highways covering the sub-heads 'A.2(1)(1)-Maintenance by Roads Wing' (Rs. 275.58 lakhs) and 'A.2(1)(2)—Maintenance by Border Road Development Board (Rs. 14.73 lakhs). The excess have, as in the past, been attributed to extensive repair works required to be undertaken on the National Highways damaged by heavy rains in various parts of the country and increase in the cost of material and labour for maintenance of works. In the Action Taken Note received in July 1978 in reply to the earlier observations made by the Committee in their 38th Report (Sixth Lok Sabha), the Ministry of Shipping and Transport Roads Wing have sought to explain that "the provision during a particular year is assessed both at the Budget Estimates stage and the Revised Estimate stage taking into account the actual requirements after due allowance for increase in the cost of labour and materials and other special circumstances like floods, cyclones etc., from time to time but the provision finally accepted depends on the overall

financial resources position and due to financial constraints, it is invariably less than the requirements assessed for this purpose. "In support of this contention, it has been indicated that against the assessed provision of Rs. 1990 lakhs for 1975-76 at the time of budget estimates, a sum of Rs. 1800 lakhs was provided, and against the figure of Rs. 2089 lakhs at the revised estimates stage the funds provided were Rs. 1887 lakhs. Presumably, the reduction, which works out to about 10 per cent of the assessed funds would have been made deliberately with an eye on economy, for which there is admittedly always some scope for such works. This belief is supported by the fact that normally control over expenditure is to be exercised through scrutiny of estimates, works registers and schedule of rates, but it is seen from the Advance Audit Report for 1976-77 that 'no works registers were maintained by the Pay and Accounts Officer (National Highways) in respect of the year 1976-77'.

The Committee take note of the Ministry's helpless position and its inability to get funds fully provided for, as assessed. The Committee desire that this aspect needs to be fully gone into by the Government in the Ministry of Finance (Budget Division). They would like to have a detailed clarification on how far the financial constraints stood in the way of making adequate provision of fund requirements of the Ministry of Shipping and Transport.

[Sl. No. 14, Appendix XVII Para 2.47 of 104th Report of Public Accounts Committee (6th Lok Sabha)]

Action Taken

As desired by the Committee, the question how far the financial constraints stood in the way of making adequate funds available to the Ministry of Shipping and Transport has been examined. There is, of course, a constraint of resources. Keeping it in view, instructions for economy are issued from time to time. Economies mainly relate to avoidable and inessential items of expenditure. It is, therefore, generally true that the Ministry of Finance keeps the financial constraints in view while scrutinising the estimates proposed by the various Departments. These financial constraints make it all the more incumbent on the Ministry of Finance to insist on fuller and detailed justification of the estimates proposed by the Departments, before they are accepted, with reference to the progress of expenditure during that part of the financial year which has already gone, the requirements for the remaining part of the year, etc.

2. In this particular case, after scrutinising the revised estimates for 1975-76 proposed by the Roads Wing, the Ministry of Finance found it possible to agree to an increase of Rs. 87 lakhs *only* in the original provision of Rs. 18 crores in Budget Estimate 1975-76, as, according to them, they could not find detailed justification for more for want of certain data e.g. non-availability of the updated figures of expenditure upto August 1975, the anticipated requirements for the remaining period of the year on the basis of trend of actual expenditure, etc.

3. Once the revised allotment as approved in the Revised Estimate 1975-76 was made to the State Public Works Department which execute the works on an agency basis, it was incumbent on them to contain the expenditure within the allotment. Their failure to do so led to the excess.

4. Constant efforts are, however, in hand in updating expenditure figures. As a result of all these effects and the departmentalisation of Accounting system, it has been possible to achieve considerable success in controlling expenditure which is clear from the fact that there was no excess in 1977-78 in respect of the provision for the maintenance of National Highways alongwith machinery therefor.

5 Watching of expenditure by works Registers and Schedule of rates has been explained separately in the Action taken note in respect of recommendation of Public Accounts Committee contained in para 3.15 (Sl. No. 26 of Appendix XVII) of its 104th Report (copy enclosed for ready reference).

(This has been seen by the Ministry of Finance, Department of Economic Affairs, Budget Div.).

This has been vetted by Audit.

[Ministry of Shipping & Transport (RW) O.M. No. RW-B5(4)/79 dated the 15-11-1980]

Recommendation

The Committee find that against the original charged appropriation of Rs. 10,000 which was augmented by a Supplementary Appropriation of Rs. 1,20,000 under Grant No. 80—Roads, the actual expenditure amounted to Rs. 3,90,520 thereby leaving an uncovered excess of Rs. 2,60,520. The excess is mainly attributable to the gross excess of Rs. 2,71,041 under the sub-head A.4(1)(1)-Roads in

Delhi. Against an Appropriation of Rs. 19,000 obtained in March 1977, the actual expenditure amounted to Rs. 2,90,041 leading to an excess of Rs. 2,71,041. It is significant that the gross excess over final grant under this sub-head works out to 208.40 per cent, which is rather alarming. The Committee would like to have further details as to why the decretal awards could not be foreseen at the time of revised budget allocation and the exact point of time when the awards in question were announced.

[Serial No. 17 of Appendix XVIII (para 2.50) of 104th Report of P.A.C. (6th Lok Sabha).]

Action Taken

As against the final grant of Rs. 19,000 for works to be executed by the Delhi Administration under the sub-head A.4(1)(1)-Roads in Delhi in 1976-77 under grant No. 80, the expenditure appearing in the Appropriation Accounts is Rs. 2,90,041 leading to an excess of Rs. 2,71,041. The expenditure of Rs. 2,90,041 comprises of the decretal amount paid in respect of the five arbitration cases as detailed below:

S. No.	Name of work	Date of Annouceement of the ward	Amount Rs.
1.	Construction of Bridge on river Yamuna at Wazirabad	8-9-1975	2,68,279.72
2.	Improvement of road surface on Ring Road phase I and II	3-5-1976	13,356.22
3.	Extension of Chirag Delhi Road in Kalkaji including an over bridge on Railway line phase I.	25-5-1976	6,746.96
4.	Construction of service road and foot-path along Ring Road phase II—Cement Conerete Kerb stone.	30-6-1976	1,200.00
5.	Realignement of Bhairon Road near Purana Quila Ph. Byepass.	24-7-1976	458.00
	TOTAL		2,90,040.90
			Or Say Rs. 2,90,041

2. The excess was mainly due to the decretal award in respect of the work at serial No. 1 provision for which could not be made as the Delhi Administration who is the executive agency for the works in question did not make payment for the award. The award was

accepted by the Ministry of Works and Housing and the payment was made by the Construction Division No. 111 of the Central Public Works Department and the amount charged to the Head of Account 544—Capital Outlay. Other Communications Services D(1)(1) per contra credit to the suspense Head Misc. PWD Advances. Subsequently, on instructions from F.O. to C.E. (Food), CPWD the wrong adjustment was written back and the debit was readjusted under the Major Head 337-Roads and Bridges in the monthly accounts for 6/76 fourth closing batch after close of financial year 1976-77 by mode of general entry in the pre-departmental accounts maintained by AGCW&M, New Delhi. In view of this the amount could not be foreseen and as a result of this there was excess over charged appropriation for 1976-77. The excess resulted due to non-projection of the requirements on realistic basis by the Delhi Admn. who executed the work. The Administration has already been instructed to the effect that in future the requirements should be assessed as precisely as possible from time to time and the same should be projected to this Ministry for inclusion of provision. A copy of the letter No. B-5(6)/79 dated 12th April, 1979 to Delhi Admn., is enclosed. The Delhi Administration have in turn also issued necessary instructions to all concerned under them to keep in view this requirement for strict compliance.

This has been vetted by Audit.

[Ministry of Shipping and Transport (Roads Wing) O.M. No. RW/B-5(6)/79, dated the 20-11-79.]

(COPY)

GOVERNMENT OF INDIA
MINISTRY OF SHIPPING AND TRANSPORT
(Roads Wing)

Telegrams;
"Roadind"
No. B-5(6)/79.

Transport Bhavan,
No. 1, Parliament Street,

New Delhi, the 12th April, 1979.

To

The Secretary to the Delhi Admn.,
Public Works Department,
Delhi.

SUBJECT:—*Excess expenditure over appropriation under charged* section

Sir,

I am directed to say that it has been observed that during the last few years the actual expenditure under charged Section in respect of road works under the categories of National Highways

(Original) Works, maintenance and repairs of National Highways and Works financed from the Central Road Fund show large variance over the appropriations for this purpose. During 1976-77 the variation was very large to the extent of about 208.40 per cent over the appropriations in respect of development of roads financed from Central Road Fund which has led to severe criticism by the Public Accounts Committee.

2. It has been observed that the reasons for variations are normally explained as based on actual expenditure for decretal awards booking of expenditure under wrong sub-head. This leads to great embarrassment to the Govt. It is, therefore, requested that in future such situations should be avoided and it should be ensured that the actual expenditure does not exceed the sanctioned appropriations. In this connection the following principles may be adhered to:—

(i) the requirements under charged portion should be assessed as precisely as possible from time to time and the same should be projected for inclusion in the revised estimates.

(ii) as and when there is an arbitration award, the details thereof and the opinion of the Legal Department thereon should be supplied to this Ministry at the earliest possible opportunity so that steps may be taken to provide necessary funds.

(iii) Actual payments/expenditure during the year should be restricted to the available charged appropriations.

(iv) Adjustment of expenditure should be got verified from the office of Controller of accounts from time to time to ensure adjustment under appropriate sub-head. In any case such reconciliation must be carried before close of year and a certificate to this effect should be furnished to this Ministry.

Yours faithfully,
Sd/- (R. C. JAIN),
Dy. Secy. to the Govt. of India.

Encl.—Nil.

Copy to the Chief Engineer, Public Works Department, New Delhi

Sd/- (R. C. JAIN),
Dy. Secy. to the Govt. of India.

Encl.—Nil.

Recommendation

The Committee are surprised to note that the excess expenditure of Rs. 5.33 lakhs occurred under Sub-head "AA1(4)—Acquisition of land (Acquisition of land for Durgapur Steel Plant)" under Grant No. 83—Department of Steel in fulfilment of Court awards, as the Budget Provision of Rs. 10 lakhs was wrongly made for this purpose in the 'Voted' Section of the Grant, even though payment incurred in pursuance of awards of Courts is correctly debitable as 'Charged' expenditure as per the provisions of Article 112(3)(f) of the Constitution. This clearly indicates an utter callousness in following basic budgetary principles and procedures of classification. The Committee are at a loss to understand how this incorrect allocation remained undetected before the closure of accounts. They would like the Ministry to examine the reasons for this lapse, particularly at the supervisory level, with a view to fixing responsibility for appropriate action against those concerned under advice to the Committee.

[Serial No. 18, Appendix XVII (Para 2.53) of 104th Report of PAC (6th Lok Sabha)]

Action Taken

The lands required for the use of the Durgapur Steel Plant (a unit of Steel Authority of India Limited, a wholly owned Government undertaking), where these are private lands, are being acquired by the Government of West Bengal, from time to time, as for the purpose of the union Government. Private lands so acquired, are thereafter to be transferred by the Central Government to the Steel Plant. The amount of compensation, as determined by the State Government, to be paid to the owners of the land, is initially paid by the Central Government to the State Government and is recouped from the steel plant later. Accordingly, in the non-plan capital section of the budget estimates, provision is made under the head "Acquisition of land for Durgapur Steel Plant" for payment to be made by the Central Government to the State Government. This is matched by a corresponding recovery entry to indicate that there is no net outflow of expenditure from the Consolidated Fund of India .

2. Provision in the budget for expenditure on payment to the State Government for acquisition of land for Durgapur Steel Plant, is made on the basis of the estimate of expenditure furnished by the State Government through the plant authorities. The budget provision of Rs. 10 lakhs made on this account during 1976-77 was also based on the initial estimate furnished by the State Government. According to the existing instructions, payment in pursuance of an

award of the Land Acquisition Collector under the provisions of the Land Acquisition Act has to be treated as a "Voted" item of expenditure and provided for in the Budget accordingly. At the time when the initial Budget Provision was made, there was no reason to presume that some expenditure might have to be incurred on the basis of Court orders enhancing the compensation as decided by the Land Acquisition Officer, and consequently no provision was made under the "Charged" portion of the grant for expenditure on this account. It is clear, therefore, that there was *no* mis-classification at the time of making the budget provision. The fact that the final booking of the expenditure was in the "Charged" section does not warrant the conclusion that the original budget provision under "Voted" was wrong.

3. During the course of the year, it was intimated to the Central Government by the plant authorities that an amount of Rs. 5,33,139.40 was required to be paid as enhanced compensation which had been ordered by the District Judge, Burdwan, in six cases. It was also intimated that on legal advice, the collector of Burdwan was not filing an appeal in the High Court. The expenditure was booked under the "Voted" section in the accounts in line with the budget provision, but at a later stage when the accounts of the year were being finally closed the classification was changed to "Charged" at the instance of Audit on the ground that expenditure incurred in pursuance of Court awards was "Charged" expenditure. The question arises as to why the expenditure was initially booked under the 'Voted' Section. The Ministry's understanding was that as the lands had been acquired through the State Government and the payments were also being made through them, the Central Government was not directly concerned with the Court awards; on this understanding it was felt that the payment to the State Government authorities had to be booked in the 'Voted' section in the Central Government accounts. However, the advice of Audit was accepted and the expenditure was transferred from the "Voted" to the "Charged" section of the accounts. As this was done at the time of the final closing of the accounts, it was too late to seek a Supplementary Grant for the purpose and the result of the adjustment was an excess under the "Charged" section and a saving under the "Voted" Section.

4. It may be added that even though the Ministry decided to defer to the advice of Audit and transfer the expenditure from the 'Voted' to the 'Charged' section, they are by no means sure that the initial booking was in fact errorneous; and that even if it was a misclassification it was not a case of an item which needed a vote

of Parliament being treated as 'Charged' but the less reprehensible one of an item which should have been charged to the Consolidated Fund being booked as 'Voted'.

5. In the circumstances, the present case does not seem to be an instance of disregard of basic budgetary principles. The initial budget provision was correctly made; the initial booking of the expenditure under the "Voted" section was based on a particular understanding which the Ministry had of the nature of the relationship between the Central Government and the Court awards; and the advice of Audit in regard to the classification was accepted when received. Thus the question of any 'lapse' for which responsibility has to be fixed does not seem to arise. The Committee are respectfully requested to reconsider the matter in the light of these elucidations.

[Ministry of Steel & Mines, (Department of Steel) O.M. No. 5412-2/79-DUR dated 18th July, 1979.]

III. RECOMMENDATIONS/OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION.

Recommendation

The Committee have further been informed by the Ministry that "till September, 1976, the expenditure incurred by the State Govts. as executive agencies of the Central Government, for development and maintenance of National Highways was debited directly against the Central Cash balances and the States were not subject to any budgetary control". In order to overcome this situation, action to evolve a revised procedure for payment for National Highways on the basis of recommendations of the Task Force is reportedly in hand. The Committee also find that the proposed revised procedure is being worked out in consultation with the Ministry of Finance/ Ministry of Law and the Comptroller and Auditor General.

[Serial No. 15 of Appendix XVII—(para 2.48) of 104th Report of P.A.C. (6th Lok Sabha)]

The Committee are distressed to point out that inspite of repeated exhorbitations by them the progress to ensure proper accountal and control of expenditure has rather been at snail's pace, with the result that excesses over authorised provisions continue to occur year after year. They feel that the issues involved are not so intricate as to evade solution. The Committee once again stress that finality should be soon reached in this matter of importance. They

would like to be informed of the concrete action taken in this regard as and when the statement of the case is finalised by the Ministry of Law and sent to the Attorney General for obtaining his opinion.

[S. No. 25 of Appendix XVII—(para 3.14) of 104th Report of P.A.C. (Sixth Lok Sabha)]

Action Taken

With a view to avoid excesses over sanctioned grants action is in hand to evolve a revised procedure for payments to States of expenditure on the development and maintenance of National Highways under which the expenditure is intended to be routed through the Consolidated Funds of the State Governments concerned. As there had developed certain doubts with regard to the modality of the proposed procedure it was decided to obtain the views of the Attorney General of India and a statement of the case for this purpose was prepared by the Ministry of Law. There were however, some differences of opinion with regard to the contents of the statement of the case among the various Departments concerned. The matter was therefore discussed in an inter-departmental meeting held on 18th May, 1979 wherein the differences were resolved and agreed views were finalised. The Statement of the case is accordingly being recast by the Ministry of Law for obtaining the clearance of the Law Secretary and the Comptroller and Auditor General of India. After this has been done the matter shall be placed before the Attorney General of India for his advice and further action accordingly.

2. This has been seen by Financial Adviser (Transport) on behalf of the Ministry of Finance (Department of Expenditure).

3. This has been vetted by Audit.

[Ministry of Shipping & Transport (Roads Wing) Office Memorandum No. B-5(1)/79 dated the 9th Aug., 79]

Action taken on the recommendations of the Public Accounts Committee

MINISTRY OF FINANCE

(Department of Expenditure)

Recommendation of the Committee

2.49. It is rather distressing that in spite of repeated exhortations by the Committee for an expeditious examination of the suggestions, made about 4 years back, by the Task Force constituted nearly six years ago, no finality has yet been reached in this vital

matter. The Committee have dealt with this aspect in a greater detail in para 3.12 of the subsequent Chapter.

[Serial No. 16—Appendix XVII—(Para 2.49) of the 104th Report of Public Accounts Committee (Sixth Lok Sabha).]

Recommendation of the Committee

3.12. The Committee have made observations on the gross excess under Grant No. 80—Roads, aggregating Rs. 290.31 lakhs, in Chapter II of this Report (of paras 2.47 to 2.49). The Committee note that following the recommendation of the Public Accounts Committee contained in their 49th Report (5th Lok Sabha), a Task Force was set up in December, 1972 to investigate the causes for excesses and suggest remedial measures to improve the budgetary system. The report of the Task Force was considered on 25th April, 1977. From the reply furnished to the Committee by the Ministry of Finance in June, 1978, it is seen that after protracted correspondence and discussions, a statement of the case was prepared by the Ministry of Law in consultation with the Ministry of Finance and Shipping and Transport. Before obtaining the opinion of the Attorney General, the draft statement was referred to the Office of the Comptroller and Auditor General of India in April, 1977 for comments. As the draft statement did not seem to bring out the various issues involved and the basic point at issue, in their proper perspective, an inter-departmental meeting was accordingly held on 13th March, 1978 to discuss the statement of the case. The Committee have been informed that further action in this regard is being taken by the Ministry of Law and in the meantime, the National Highways Accounting Cell in the Ministry of Shipping and Transport is being strengthened to ensure proper accountal and control of expenditure.

[Sl. No. 23—Appendix XVII—(Para 3.12) of the 104th Report of Public Accounts Committee (Sixth Lok Sabha).]

Recommendation of the Committee

3.14. The Committee are distressed to point out that inspite of repeated exhortations by them the progress to ensure proper accountal and control of expenditure has rather been at snail's pace, with the result that excesses over authorised provisions continue to occur year after year. They feel that the issues involved are not so intricate as to evade solution. The Committee once again stress that finality should be soon reached in this matter of importance. They would like to be informed of the concrete action taken in this regard as and when the statement of the case is finalised by the

Ministry of Law and sent to the Attorney General for obtaining his opinion.

[Sl. No. 16, 23 & 25—Appendix XVII—(Paras 2.49, 3.12 and 8.14) of the 104th Report of Public Accounts Committee (Sixth Lok Sabha).]

Action Taken

I. Expenditure on National Highways:

An inter-departmental meeting was held on 18th May, 1979 in the room of Additional Secretary (Roads), which was attended, among others, by the representatives of the Ministries of Law, Finance and the Comptroller and Auditor General of India to resolve the differences of opinion with regard to the contents of the draft 'statement of the case' for the Attorney General. The 'statement of the case' as prepared by the Ministry of Shipping and Transport is accordingly being recast by the Ministry of Law for obtaining the clearance of Law Secretary and the Comptroller and Auditor General of India. After this has been done, the matter shall be placed before the Attorney General of India for his advice and further action. The Public Accounts Committee will be informed of the position as soon as final agreement is reached in the matter.

* * * * *

[Ministry of Finance, Department of Expenditure, O.M. No. F.12(17)-E(Coord)/78, dated the 21st July, 1979.]

GOVERNMENT OF INDIA

MINISTRY OF WORKS AND HOUSING

(Nirman aur Awas Mantralaya)

Action taken or proposed to be taken on the recommendation of the Public Accounts Committee

Recommendation

An excess expenditure of Rs. 14.60 lakhs had been incurred in the 'charged' portion of the Capital Section of Grant No 96—Housing and Urban Development relating to the Ministry of Works and Housing. Bulk of the excess is attributable to sub-heads 'AA.1(1)(1)—Works and Housing' and 'CC.1(2)—Development of National Capital Region'. It is significant that but for re-appropriation, the excess over authorised Appropriation would have been much more to the tune of Rs. 12.93 lakhs and Rs. 75.00 lakhs respectively. The additional requirements of loan to one of the State Governments (Haryana) in connection with the Development of 'National Capital Region' having gone up by Rs. 75 lakhs, the additional funds over the budget provision of Rs. 1 crore were provided to the extent of Rs. 68.57 lakhs by re-appropriation only shows the extent to which

the estimates had been inflated in respect of one of the other sub-head 'Integrated Urban Development in Areas of National Importance'. Considering the fact that the liability on this account was by no means unforeseen or unexpected and since it is not attributable to any extraordinary development, the Committee are of the view that it should have been possible to assess and fully provide for the commitments in this regard. The Committee desire that the Ministry should evolve, in consultation with the Ministry of Finance, suitable mechanisms to ensure a more realistic and accurate forecast of monetary requirements in future.

[Serial No. 19 (Para 2.56) of Appendix XVII to the Public Accounts Committee's 104th Report (Sixth Lok Sabha)]

Action Taken

The Integrated Urban Development Programme (IUDP) and the Development of National Capital Region (NCR) are the two Programme having more or less the same objective, with the only difference that while the IUDP covers various schemes submitted by State Governments, the NCR aims at integrated and systematic development of the Capital City of New Delhi and its neighbouring areas falling within the Union Territory of Delhi and States of Haryana, Uttar Pradesh and Rajasthan.

2. The two programmes had been continuing for some years and keeping in view the pace of development reached till 1975-76, this Ministry had placed the requirements for 1976-77 for IUDP and NCR at Rs. 65 crores and Rs. 3 crores respectively. While considering these proposals during Annual Plan discussions, the Planning Commission felt that the mobilisation of local resources on a matching basis by State Government should be ensured. In view of the resource constraint, Planning Commission agreed to a provision of Rs. 30 crore for the IUDP and only a Rs. 1 crore for NCR.

3. The releases by Central Government under the IUDP and NCR are subject to matching budgetary allocations made by the State Governments|local authorities and depend upon the funds provided locally and the pace of development reached in respect of a particular scheme under the Programme. The progress made is monitored by the Ministry from time to time and funds were released keeping in view the progress already made and the capacity of the local body to spend the amount under the scheme during the financial year.

4. While operating upon the budget provisions for the two programmes, the proposals for the release of the amounts were considered in August 1976, by a high-powered Sanctioning Committee

headed by the Secretary, Ministry of Works and Housing and having Joint Secretary, Planning Commission, Director of Plan Finance, Ministry of Finance, Chief Planner, Town & Country Planning Organisation and others as Members, in consultation with the senior level representatives of the State Governments concerned. The Committee took note of the fact that the releases made by Centre were inadequate in relation to expenditure required to be incurred in the NCR region and felt that the Central allocation of Rs. 1 crore was also inadequate. It was, therefore, decided that an adjustment for meeting the amounts over and above the provision of Rs. 1 crore made for the NCR would have to be made from the over-all allocation available under the IUDP. Thus, it will be seen that the estimates of requirement were prepared on realistic basis, although the actual releases had to be regulated as per availability of funds under the two sub-heads. The variations in the IUDP was about 2.5 per cent i.e., within the permissible limits.

5. As for the Committee's suggestion that the Ministry should evolve, in consultation with the Ministry of Finance, suitable mechanism to ensure a more realistic and accurate forecast of monetary requirements in future, the matter will be referred to Ministry of Finance for whatever action deemed necessary.

[Ministry of Works and Housing O.M. No. G-25015|5|78-Bt. dated the 21st July, 1979]

Recommendation

The Committee also find that the only change brought about following the departmentalisation of Accounts with effect from 1st July, 1976, is that the State Accountants General prepare a monthly statement of expenditure incurred by the State Governments, which is reimbursed by the Pay and Accounts Officer, Ministry of Shipping and Transport. From the Advance Report of the Comptroller and Auditor General of India, it is seen that the checks to be exercised by the Pay and Accounts Officer (National Highways) in respect of works expenditure with reference to vouchers, sanctions, contract documents, schedule of rates, statements of remittances into Treasuries, and paid cheques, had not been prescribed till January, 1978. During local audit (October 1977) of the Office of Pay and Accounts Officer (NATIONAL HIGHWAYS) it was noticed that after reimbursement of expenditure incurred by State Governments, no effective post-checks were applied to the accounts and vouchers received. The Committee can not comprehend how the strengthening of the National Highways Accounting Cell could ensure proper accountal and strict control of expenditure, unless detailed proce-

dures for accountal and inspection of National Highways expenditure are laid down. They would like to have further clarification on the circumstances under which it has not been possible to lay down detailed procedures for accountal of National Highways expenditure.

[Sl. No. 26 of Appendix XVII, Para 13.15 of 104th Report of Public Accounts Committee (6th Lok Sabha)]

Action Taken

The work of construction and maintenance of National Highways has been entrusted to the State Governments on an agency basis under the provisions of Art. 258 of the Constitution of India. Therefore, relevant expenditure is incurred initially by the concerned State Public Works Divisions from the balances of the respective State Government and later got reimbursed from this Ministry.

A detailed accounting procedure in connection with the adjustment of expenditure on National Highways was finalised in consultation with the Ministry of Finance and the Comptroller and Auditor General in March 1977 (copy enclosed). Since then the checks prescribed in Annexure 'A' of para 3 thereof were|are being exercised by the Pay and Accounts Officer (National Highways) before reimbursement of expenditure is made to various Accountants General. The National Highways Division under various State Governments which are undertaking the work are about 230 in number. The skeleton staff sanctioned for Pay and Accounts Office (National Highways) was absolutely, inadequate to undertake any post check/ or local inspection/internal check of the vouchers/documents received from or maintained by the National Highways Divisions. Therefore, until adequate staff was sanctioned for the voluminous work involved, more finalisation of detailed procedure for accountal and inspection/internal check of National Highways Divisions would not have served any purpose.

After detailed scrutiny of the staff proposals by all concerned authorities in October 1978 additional posts were sanctioned and as on date part of the posts sanctioned have been filled while the rest are to be filled through direct recruitment on the basis of the recommendations awaited from Staff Selection Commission. However, the detailed instructions in regard to the extent, manner and limits upto which post checks are to be exercised and also procedure for local inspection/internal check of National Highways Divisions have been finalised and issued to all concerned in January 1979 for implementation.

This has been seen by the Ministry of Finance (Department of Expenditure).

[Ministry of Shipping and Transport (Roads Wing) O.M. No. RW-B-5(4)|79 dated 15-1-1980].

PROCEDURE FOR ADJUSTMENT OF NATIONAL HIGHWAYS EXPENDITURE INCURRED BY STATE PUBLIC WORKS DIVISIONS

I. INTRODUCTORY:

Directorate General (Roads) under the Ministry of Shipping and Transport, are responsible for the construction and upkeep of National Highways in the country. The actual construction and upkeep is, however, got executed through the Public Works Divisions of the State Government concerned on an agency basis under the provisions of Article 258 of the Constitution.

2. EXISTING PROCEDURE OF ACCOUNTING:

At present the expenditure on National Highways is initially incurred by the Executive Engineers of the State Public Works Divisions from State balances. The vouchers bear the superscription "adjusting Account between Central and State Governments" besides showing detailed classification of the expenditure. On receipt of the compiled accounts from the Public Works Divisions concerned the expenditure is finally booked under the relevant heads of account, viz. "337—Roads and Bridges|537 Capital Outlay on Roads and Bridges" by the State Accountant General in the Central Section of his account after carrying out necessary monetary settlement. The expenditure on National Highways incurred by State Public Works Divisions, thus, gets incorporated in the monthly Civil Account of Central transactions rendered by the concerned Accountant General to the Accountant General, Central Revenues for eventual inclusion in the Central Civil Accounts.

3. PROCEDURE FOLLOWING DEPARTMENTALISATION OF ACCOUNTS:

Although the departmentalisation of accounts in the Ministry of Shipping and Transport was given effect to with effect from the 1st July, 1976, the procedure as stated in para 2 above will be applicable to the transactions connected with National Highways taking place upto 30th September, 1976. With complete departmentalisation of accounts in the Ministry|Departments of the Government of India with effect from the 1st October, 1976, the State Accountants General are not authorised to operate the Central Section of the accounts except for specified transactions. Consequently the following pro-

cedure will be followed with effect from the 1st September, 1976 for adjustment on National Highways:—

(i) The expenditure will be incurred by the Executive Engineers of the State Public Works Divisions as hithertofore from the State balances and exhibited in the monthly compiled accounts submitted by them to the State Accountant General;

(ii) On receipt of monthly compiled account from the Divisions the Accountant General will initially adjust the expenditure in the State Section of his books under the head of account. "858—Suspense Accounts—PAO Suspense—items adjustable by P.A.O. (Pay and Accounts Officer) (National Highways) Ministry of Shipping and Transport". After final consolidation, the Accountant General will send to the Pay and Accounts Officer (National Highways), Ministry of Shipping and Transport, the monthly statement of receipts (if any) and expenditure on National Highways with all schedules, vouchers, supporting documents etc. for claiming reimbursement.

(iii) On receipt of the monthly statement of receipts and expenditure on National Highways from the Accountant General as stated in (iv) above, the Pay and Accounts Officer (National Highways) in the office of the Controller of Accounts, Ministry of Shipping and Transport will reimburse the expenditure to the State Accountant General concerned by cheques/Demand Drafts after exercising the checks prescribed in Annexure I.

(iv) The amounts outstanding in the Accountant General's books under the Suspense head mentioned in sub-para (ii) above will be cleared on receipt of cheque/Demand Draft from the Pay and Accounts Officer (National Highways).

4. FORM OF ACCOUNTS:

The Accounts of the transactions relating to National Highways should be supported by the following schedules in respect of each Public Works Divisions:—

(*i*) FORM 62	. Schedule docket of percentage recoveries.
(*ii*) FORM 64	. Schedule of work expenditure, accompanied by Scheduled dockets and vouchers as provided in para 22-4-17 of C.P.W.A Code.
(*iii*) FORM 74	. Classified abstract of expenditure separately for: "337 Roads and Bridges and "527 Capital outlay on Roads and Bridges.."

5. EXCHEQUER CONTROL:

I. *CAPITAL WORKS*:

(i) In the Annexure to the Demand under Roads provisions for Capital expenditure executed through the State Public Works Divisions are exhibited in the following pattern:—

(a) Continuing works costing Rs. 5 lakhs and above are exhibited individually.

(b) New works costing Rs. 25 lakhs and above are exhibited individually.

(c) For works costing less than Rs. 5 lakhs in respect of continuing works and less than Rs. 20 lakhs for new works the provision is exhibited in lump against each state.

(ii) A works expenditure control register will be maintained in which the budget and revised estimates against categories (a), (b) and (c) mentioned in item (i) above will be noted. The progressive expenditure every month will be noted against these estimates with a view to watching the flow of expenditure against each work or estimate.

(iii) For this purpose all orders transferring funds from one work to another or from one State to another will be endorsed by the Ministry to the Pay and Accounts Officer (National Highways) of the Ministry of Shipping and Transport.

II. REVENUE WORKS:

The Revenue budget of National Highways deals only with the repairs and maintenance of National Highways.

(i) As the State-wise distribution under this head is not indicated in the budget the Ministry will communicate the Statewise details of the budget provisions to the Pay and Accounts Officer (National Highways).

(ii) Chief Engineers of the State will also communicate the Division-wise distribution of budget allotment and subsequent revisions to the Pay and Accounts Officer (National Highways), Ministry of Shipping and Transport, New Delhi.

(iii) The flow of expenditure against the state-wise division-wise allotment will be watched through the works expenditure control register.

6. *REVIEW*:

The Pay and Accounts Officer (National Highways), will submit statewise review of expenditure in all categories to the Controller of Accounts Financial Adviser and Director General (Roads). A copy of this review will be sent to the Chief Engineer of the State concerned.

7. *GENERAL*:

Copies of the following orders issued by the Ministry to the State Chief Engineer will be endorsed to the Pay and Accounts Officers, (National Highways), Ministry of Shipping and Transport New Delhi.

(a) Orders transferring funds from one work to another issued by the Ministry of Shipping and Transport.

(b) Orders transferring funds from one state to another issued by the Ministry of Shipping and Transport.

(c) Orders distributing lump provisions to the various divisions in the State by the Chief Engineer of the State.

(d) Any redistribution of allotment in the Revenue side of the Budget by the Chief Engineer of the State.

8. *POST CHECKS*:

The manner, extent and the limits upto which the post checks are to be exercised by the Pay and Accounts Officer on the voucher received from the Divisions will be determined by the Ministry. Instructions in this regard will be issued separately by the Ministry.

9. *INTERNAL TESTCHECK*:

The Controller of Accounts will arrange regular inspection of the accounts of the Divisions incurring expenditure on National Highways so far as these accounts relate to such expenditure.

10. Supplementary instructions may be issued by the Ministry from time to time.

ANNEXURE I

[Referred to para 3(iii) of the Scheme]

Central checks to be exercised on the accounts rendered by the Accountant General before reimbursement it should be seen that:—

(i) The Accounts list of documents are signed by the Divisional Officers.

(ii) The several schedule dockets, vouchers received with the monthly accounts are in all respects properly prepared.

(iii) The totals have been correctly worked and tallied.

(iv) The figures shown in the accompanying schedules have been incorporated correctly in the monthly accounts after checking the totals of the schedules.

(v) In case in which figures of one schedule work into another schedule the two are reconciled with each other.

The reimbursement to Accountant General will be made after exercising the above checks.

IV. RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE/FURNISHED INTERIM REPLIES

Recommendation

The Committee note that a gross expenditure of Rs. 140.16 lakhs was incurred under head "259-A.12(5) (1)—Public Works-Suspense-Stock." The net excess after taking into account saving from other heads of the grant, comes to Rs. 104.13 lakhs. As in the previous years, the excess was mainly on account of failure to make adequate provision for past liabilities. The Committee, while taking adverse note of this state of affairs in August 1976, had urged the Ministry to take earnest measures to check the apparently persistant tendency on the part of the Administration not to make adequate provisions for past liabilities. That such instances of failure to make adequate provision for adjustment of past liabilities should continue to recur in spite of repeated comments by the Committee in the past is regrettable. It seems the codal instructions and Government directions on proper maintenance of liability registers to keep a strict watch over the past liabilities in proposals for Budget/Revised Estimates are observed more in breach than in compliance by the concerned Estimates Authorities. This case of avoidable excess expenditure underlines once again the need for a closer liaison between the indenting authorities, procurement agencies and/or Accounts Organisation, as the case may be. The Committee would like to be informed of the concrete measures taken to avoid recurrence of such excesses in future. The Committee also desire that the effect of installation of departmentalised accounting system introduced in stages during 1976 in overcoming this problem may be critically assessed under advice to them.

[S. No. 12 Appendix XVII para 2.37 of 104th Report of P.A.C. (6th Lok Sabha)]

Action taken by the Ministry

The Public Accounts Committee observations regarding failure to make adequate provision for adjustment of past liabilities and the concrete measures taken to avoid excesses over grants in future have been examined in consultation with the Union Territory of Andaman and Nicobar Islands Administration who have taken the following measures in this regard:—

All concerned Heads of Departments/Offices have been instructed not to incur excess expenditure over the allotment without consulting Administration about provision of additional funds nor to incur any liability without obtaining any positive indication regarding provision of Additional funds from the Administration for meeting the eventual liability. They have been asked to keep close liaison with Accounts Officers/Accountant General for prompt adjustment of debit memos for the stores/materials soon after receipt by ensuring necessary provision thereof at appropriate stages. In PWD, where major excesses occurred, the Principal Engineer, CPWD has been instructed to exercise strict budgetary control. He has also apportioned the total sanctioned provision under the various functional major heads controlled by the department division-wise and instructions have been issued to all divisions not to incur any expenditure over and above the provision allocated to them. Accounting information from outlying areas is being obtained by wireless wherever necessary, for effective budgetary control. The Administration have stated that adequate provision for meeting past liabilities with full details thereof is since being made in the budget proposals. Copies of latest instructions dated 8-3-79 and 9-3-79 issued by Andaman and Nicobar Administration for maintenance of strict financial discipline are appended hereto.

Regarding the Committee's observations with regard to the effect of installation of the departmentalised accounting system introduced in stages during 1976, it is stated that while the system was installed in the Ministry of Home Affairs with effect from 1-10-76, it was extended to the Union Territory of Delhi with effect from 1-4-77. The system has not yet been extended to the Union Territory of Andaman and Nicobar, which is expected to be covered by this system shortly.

[Ministry of Home Affairs No. U.15030/3/78-AC.II dated 7-8-1979]

(COPY)

MOST IMMEDIATE

No. 3-1(appr.A/Cs)/76-77 B&A Vol. VI
ANDAMAN AND NICOBAR ADMINISTRATION
CHIEF COMMISSIONER'S SECRETARIAT

Port Blair, the 8th March, 1979

From Shri K. M. Banerjee,
Accounts Officer.

To

1. * * * * *

SUBJECT:—*Excess expenditure incurred during 1976-77 Instruction regarding.*

Sir,

I am directed to say that in spite of the instructions for financial discipline, proper budgeting and expenditure control issued by this Secretariat to the departments from time to time and specific instructions again issued in the Secretariat's letter No. 3-1(Appr.-A|Cs)|74-75 B&A|Vol. IV dated the 28th May, 1977 and No. 3-1-(Appr. A|Cs)|75-76 B&A Vol. V dated the 8th June, 1978 some departments had incurred excess expenditure over and above the sanctioned budget during the financial year 1976-77 resulting in overall excess expenditure of Rs. 1,04,13,310|- under Revenue Section of Grant No. 57-A & N Islands. The Government of India have viewed this excess expenditure over sanctioned grant very seriously. A copy of Shri A. K. Hui, Under Secretary to the Government of India, Ministry of Home Affairs d.o. letter No. U.15019|9|78-Ac.II dated the 21st August, 1978 is enclosed herewith. The criticism of the PAC on this excess expenditure is also expected in near future.

Incurring excess expenditure over and above the sanctioned budget contravenes the rules of financial discipline. It is therefore requested that strict financial discipline may kindly be maintained in the future. Your subordinate offices may also kindly be advised accordingly.

Yours faithfully,
Sd|-

(K. M. BANERJEE),
Accounts Officer.

(COPY)

A. K. HUI
Under Secretary

D.O. No. U.15011|9|78-Ac.II
Government of India
Ministry of Home Affairs,
New Delhi-110001.
Dated the 21st August, 1978.

Dear Shri Thapliyal,

As you are aware there has been persistent excesses in the past years in the grant relating to Andaman and Nicobar Islands and the Public Accounts Committee have shown their displeasure with this state of affairs and have urged to take earnest measures to check an apparently persistent tendency on the part of the A & N Administration not to make adequate provision for past liabilities.

2. You are also aware that the Appropriation Accounts for 1976-77 in respect of Grant No. 57-A & N Islands has revealed as excess of Rs. 1,04,13,310 in the Revenue Section and under the head A.12 (5) (1)-Stock subordinate to Major Head 259-Public Works there was an excess of Rs. 1,40,15,660 (Reappropriation of Rs. 1,01,21,000 has not been taken into account for the purpose of regularisation of excess) which was mainly due to liquidation of past liabilities. Constant excesses in the grant on account of adjustment of past liabilities may invite severe criticism from the P.A.C. which may put the Government of India and the Administration in embarassing position. In order to avoid such a situation in the future and to ensure that adequate provisions for past liabilities is made, we had issued necessary instructions in Shri R. R. Savoor's D.O. letter No. U.15030|10|76-Ac.II, dated 14-4-1977 addressed to Shri S. M. Krishnatry, Chief Commissioner A & N Islands. In this regard further instructions were issued *vide* this Ministry's letter No. 7|4|77-AC.III, dated 13-4-78 and No. 7|3|78-Ac.III, dated 27-4-78, addressed, among others to all the Union Territories (without legislature). We are sure that keeping in view the criticism of the P.A.C. and the instructions contained in the above referred communications, the Andaman Administration must have taken concrete steps to avoid excess in the grant particularly on account of adjustment of past liabilities. The steps taken in this regard ensure that expenditure is not incurred over and above the sanctioned budget in future.

With regards,

Yours sincerely,
Sd|-
(A. K. HUI)

Shri B. S. Thapliyal,
Finance Secretary,
Andaman and Nicobar Admn., Port Blair.

Recommendation

The Committee also find that the procedure for management and accounting of Stores in the Railways and Posts and Telegraphs is stated to be well organised and centralised. Prior to 1956, the C.P.W.D. also resorted to 'Net Budgeting' whereby provision was being made for anticipated net increase or decrease in the suspense balance. A decision has been taken that the Ministry of Works and Housing should conduct a detailed study of the accounting and budgeting of the CPWD *vis-a-vis* the pattern followed by Railways. It is further seen from the reply of the Government that the position should be reviewed again after the proposed study by the Ministry is completed. In the meantime, *status quo* is being maintained and it was decided that the Department should exercise strict control over the expenditure *vis-a-vis* the funds provided for the suspense head in the Budget.

[S. No. 24—Appendix XVII (Para 2.13) of the 104th Report of Public Accounts Committee (Sixth Lok Sabha)]

Action Taken

* * * * *

II. *Net Budgeting in the C.P.W.D. under Suspense*

The Ministry of Works and Housing has just completed the study of the Accounting and Budgeting of the Stores requirement of the C.P.W.D *vis-a-vis* the pattern followed by the Railways. Results of the study are being examined and decisions will be taken by the Government shortly.

[Ministry of Finance, Department of Expenditure, O.M. No. F.F.12(17)-E (Cord)/78, dated the 21st July, 1979]

Recommendation

One of the functions of the Controller General of Accounts is to have a coordinating and innovating role in the introduction of Management Accounting System in the various Ministries and/or Departments of the Government. The Committee find that the procedure for management and accounting of stores in the Railways and Posts and Telegraphs is stated to be well organised and centralised. Prior to 1956, 'Net Budgeting' was being resorted to in the C.P.W.D. also under 'Suspense' head. In this connection, it is relevant that the question of 'net budgeting' as prevalent in Railways and Posts & Telegraphs, was also recommended to be re-introduced in the C.P.W.D. in consultation with their Associated Finance and the Comptroller & Auditor General of India. The Committee have been informed that a decision had been taken that the Ministry of Works and Housing should conduct a detailed study of the accounting and budgeting of the C.P.W.D. *vis-a-vis* the pattern followed by

Railways. The Committee desire that the proposed study may be completed soon and the position as reviewed thereafter may be communicated to them. The desirability of associating the Controller General of Accounts who is to have a pivotal role in establishing and maintaining a technically sound accounting system in the Ministries and/or Departments, may also be appropriately considered. The Committee also desire that they may be informed in due course of the progress achieved in the introduction and/or enforcement of Management Accounting System and evaluation of the status of performance budgeting.

[S. No. 27 Appendix XVII (Para 3.16) of the 104th Report of P.A.C. (6th Lok Sabha)]

Action Taken

1. The Ministry of Works and Housing has just completed the study of the Accounting and Budgeting of the Stores requirements of the C.P.W.D. *vis-a-vis* the pattern followed by the Railways. The study has revealed that system of net budgeting can be adopted in the C.P.W.D. and this would result in seeking Parliament's vote on this account for a more realistic figure in keeping with the actual requirements. Results of the study would be examined and decisions taken by the Government shortly.

2. At a meeting of the Advisory Committee for Management Accountancy in Government held on 26-2-1977 it was decided, as a first step, to concentrate efforts on developing comprehensive Management. Information System in three selected Ministries, namely the Department of Chemicals and Fertilizers, Ministry of Works & Housing and Ministry of Agriculture. A sub-Group of the Committee was constituted to undertake detailed studies and suggest concrete steps in this regard.

3. A comprehensive MIS for the Department of Chemicals and Fertilizers was approved for immediate implementation by the Advisory Committee at its meeting held on 29-11-78 under the Chairmanship of the Finance Minister. This system is presently in operation in that Department.

4. Production-oriented departments of certain other economic ministries have constituted Working Groups to develop MIS for their departments having as basis the MIS of the Department of Chemicals and Fertilizers.

5. Report of the Sub Group of the Advisory Committee on introduction of comprehensive MIS for the Ministry of Works & Housing

(CPWD Portion) was placed before the Advisory Committee at its meeting held on 11th July, 1979. The Committee has approved the recommendations contained in this Report for implementation by the Ministry of Works & Housing. A summary of the approved recommendations is placed at Appendix I.

6. Preliminary studies in regard to development of MIS for the "Command Area Development" scheme of Ministry of Agriculture are underway.

7. No separate studies have been conducted in regard to introduction of Management Accountancy or overall evaluation of the present status of Performance Budgeting in Government Departments. The Advisory Committee is presently concentrating on the introduction of MIS and it would take up in due course evaluation of status of Performance Budgeting in accordance with the terms of reference of the Committee. The list of terms of reference of the Advisory Committee is placed at Appendix II.

[Ministry of Finance (Department of Expenditure) O.M. No. I-18011|7|79|CGA(MIS)|154—159. dated 11th September, 1979]

ANNEXURE I

Summary of approved recommendations relating to introduction of MIS in the Ministry of Works and Housing (CPWD Portion)

The recommended system for the CPWD covers all major areas of work of the department which are susceptible to systematic monitoring and control. These are (i) construction and maintenance activities (ii) stores management and (iii) budgetary and financial control.

Salient features of the proposed MIS.

The salient and distinguishing features of the proposed system may be summarised as follows:

(1) The improved system institutionalises the discipline of planning in several important areas and target setting for all project activities, as most of the periodical reports would require reporting of progress against planned targets. For large and important projects, net work-based planning has been recommended.

(2) The system concentrates on the principal areas of the departmental activities which are susceptible to systematic control and monitoring. These are:

(i) Construction projects;

(ii) Stores;

(iii) Maintenance operations; and

(iv) Budgetary and financial control.

By making relevant information pertaining to the above areas available both in physical and financial terms, and by (ii) breaking new ground in respect of activities and (iii) which were hitherto neglected, the proposed system will considerably widen the scope of control and monitoring exercise at present.

(3) The system rationalises procedures for assessment and monitoring of physical achievement against time|quantity targets in regard to construction and maintenance operations; it will also generate information relating to stores management in terms of physical quantities. It may be mentioned that although the costs of delay and of inventory carrying are not reflected in the existing system of governmental accounting, they nevertheless do add substantially to project costs.

(4) Suitable performance indicators have been devised to reflect the overall efficiency of the functioning of the Department.

(5) The CE|Project Manager, who functions as the top executing authority, is conceived as the nodal point for detailed monitoring of projects. For levels above him, which are essentially directional and administrative, reporting will be mostly by exception. At the same time, the DGW's office will serve as the main processing unit for all incoming information with a view to generate output returns for use at the topmost management levels of the DGW and the Ministry.

(6) The progress reporting has been so devised as to identify deviations and suggest, where necessary, remedial action or assistance required from higher levels. The reports will show not merely past performance but also anticipated achievement in physical terms.

(7) As far as practicable, standardised formats have been adopted in order to avoid multiplicity: that is to say, in many cases, the same format is utilised for input and output reports.

(8) Notwithstanding several new returns introduced in areas inadequately covered so far, there is sizeable reduction in

the total number of returns to be prepared at different levels. The number of MIS returns to be prepared *in a year* at the various executive levels will come down by about 68 per cent as indicated below:

	Existing Returns whcih will be discontinued (Number per year)	Proposed new returns (Member per year)
Executive Engineer Construction Division	176	73
Maintenance Division . . .	108	68
Stores Division	368	23
Supdtg. Engineer	84	46
Chief Engineer .	85	52
Director-General (works)	48	47
	869	279
Total reduction .	869—279=	590 forms per year

(9) Overload of information is sought to be avoided not only by discontinuance of many returns, but also by a process of filtration and consolidation at different levels. This should, *prima facie*, lead to considerable reduction in routine paper work and flow of information at top levels. To illustrate, the total number of incoming and outgoing returns handled in the DGW's office in a year will come down from about 8000 to about 600. At lower levels, while there will be marginal increase in the CE's offices, significant reduction in paper work will occur in the offices of SEs. and EEs. However, to the extent that there is a qualitative difference between the existing returns and the ones being proposed, the above figures are not quite comparable. The new returns will involve for their preparation and use a higher order of skill and application than is required for the large number of routinised returns which are being discontinued.

Procedural and other changes

Apart from the improvement and reduction in reporting formats, procedural and organisational changes have been recommended to

permit effective and successful working of the new system. These are mainly in the areas of:—

(i) detailed planning and targets setting procedures for construction and maintenance projects.

(ii) a more reliable method of measurement of physical progress of work which has been recommended to replace the present practice of reporting physical progress purely on the basis of a visual inspection.

(iii) tightening procedures relating to inventory management.

(iv) involvement of the ministry in work load planning and of the Director General (W) in formulation of budget proposals and making of budgetary allocations.

(v) integration of the accounts organisation at various levels with corresponding executive levels in the CPWD so that the accounts organisation could contribute to better financial management through rendering of financial advice and a meaningful and active association with the management in discharge of their responsibilities.

The recommendations also covered improved arrangements for storage of data relating to projects.

Implementation

It has been decided to introduce the new system in a phased programme beginning with the quarter ending 30th September, 1979. It will first be tried out in one selected CE's charge and then extended to other zones, completing the process within one year.

Annexure-II

List of Terms of Reference of the Advisory Committee for Management Accountancy in Government

(1) Consider and recommend concepts of Management Accountancy suitable to the needs of Ministries and Organisations engaged in economic and welfare activities.

(2) Recommend installation of integrated management information system for capturing, processing and presentation of reliable and timely accounting information to management for planning, policy formulation, control and supervision and decision making.

(3) Evaluate the system for Receipt and Payment accounting of the departmentalised accounting organisation in the Ministries and Departments of the Government of India to assess how far the system and its techniques are in consonance with the principles of Management Accounting and to suggest improvements.

(4) Evaluate the present status of performance budgeting in Central Government and State Governments and assess the scope for utilising performance budgeting techniques at various administrative levels for setting up standards and norms for measuring performance and for evolving procedures for comparison of actual performance with budgetary targets.

(5) Review the system of *exchequer control* in the Departments and Ministries so that there may be effective monitoring of expenditure in relation to provisions in the budget including quantitative appraisal of performance and qualitative assessment as to whether the objectives of the programme are being fulfilled.

(6) Consider and recommend appropriate information processing and review systems utilising modern methods and techniques like mechanisation, Electronic Data Processing and Computerisation, and

(7) Devise training programmes suitable for Senior and Middle levels of administration and accounts.

No. I-18011|7|79|CGA(MIS)|162—168

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

Department of Expenditure

Controller General of Accounts

11-A, Janpath, New Delhi.

Dated, the 4th October, 1979

CORRIGENDUM

A reference is invited to para 2 of the Action Taken Note on recommendations contained in para 3.16 of the 104th Report (Sixth Lok Sabha) of the Public Accounts Committee, sent *vide* this office No. I-18011|7|79|CGA(MIS)|154-159 dated 11-9-1979.

The words "efforts on developing comprehensive management" may kindly be inserted in between the words 'Concentrate' and

'Information' as appearing in line 3 of Para 2 mentioned above. These words were inadvertently omitted in the Action Taken Note.

Sd/-

(P. V. DESAI)

Dy. Controller General of Accounts.

Copy forwarded to:—

1. Senior Financial Committee Officer, Lok Sabha Secretariat, New Delhi. (40 copies).

2. Director of Audit, Central Revenues, New Delhi with reference to his No. RR/1-6/79-80/195 dated 24-9-1979. (4 copies).

3. Ministry of Finance, Department of Economic Affairs (Budget), New Delhi.

4. Ministry of Finance, Department of Expenditure (E-Coord.), New Delhi.

5. Financial Adviser and Joint Secretary, Ministry of Works and Housing, New Delhi.

6. Jt. CGA(K).

Sd/-

(P. V. DESAI)

Deputy Controller General of Accounts.

APPENDIX XV

Conclusions and/or Recommendations

S. No.	Para No.	Ministry	Conclusions/Recommendations
1	2	3	4
1	1.6	Finance (Expenditure)/ Railways/Communications/Defence	In their 104th Report (Sixth Lok Sabha), the Committee (1978-79) had taken note of the fact that while the Appropriation Accounts (Railways), (Posts and Telegraphs) and (Defence Services) for the year 1976-77 were laid on the Table of the House on 4th April, 1978, the Appropriation Accounts (Civil) for the same year were laid on the Table of the House on 24th August, 1978. However, the Committee (1978-79) had been assured by the Ministry of Finance (Department of Expenditure) that earnest endeavour would be made towards finalisation of the Appropriation Accounts (Civil) for 1977-78 in time so as to lay them on the Table of the House during April, 1979. The Committee find that while the Appropriation Accounts (Civil) for the year 1977-78 were laid on the Table of the House on 9th May, 1979 and those relating to Defence Services and Posts and Telegraphs on 18th May, 1979, the Appropriation Accounts (Railways), were laid on the Table on 9th July, 1979. The Committee trust that the Appropriation Accounts will hereafter be laid on the Table

of the House in the Budget Session of Parliament. In particular, they would like the Ministry of Railways to ensure timely presentation of the Appropriation Accounts in future.

7	3.3	Finance (Expenditure) Commerce/Railways	The aggregate amount of excess expenditure over Voted Grants and Charged Appropriations during the past decade ranged between Rs. 3.78 crores in 1968-69 to Rs. 266.52 crores in 1974-75. The Committee had, in para 2.4 of their 104th Report (1978-79) expressed satisfaction over the noticeable reduction in the aggregate amount of expenditure incurred in excess of the allocations authorised by Parliament as disclosed in the Appropriation Accounts (Civil), achieved during the year 1976-77 and had expressed the hope that sustained endeavour would be made by the Ministries and Departments to ensure that the position would not be allowed to deteriorate. During the year under review i.e., 1977-78 excess expenditure had occurred under 15 Voted Grants and 2 Charged Appropriations and aggregate to Rs. 82.42 crores. While the Committee feel satisfied about the reduction in the total amount of excess expenditure as compared to last year, they are concerned to note that bulk of the excess expenditure relating to Appropriation Accounts (Civil) viz., Rs. 32.85 crores had occurred under one Voted Grant viz., Foreign Trade and Export Production, and is attributable to drawal of technical credits having been resorted to by some foreign countries (an issue dealt with elsewhere in this Report). They are equally perturbed over the extent of deterioration under some of the other Grants administered by the Ministry of Railways during

1	2	3	4
			the year 1977-78, such as Grant No. 19—Revenue Appropriation to Revenue Reserve Fund, excess whereunder aggregated to Rs. 36.49 crores representing 66.18 per cent of the final Grant. The Committee would like the Ministries concerned to take appropriate and timely remedial measures to curb the recurring tendency of excess expenditure.
3	2.4	Communications	The Committee note that the Grants and Appropriations operated by the Posts and Telegraphs Department have not witnessed any excess expenditure during the year 1977-78 The Committee trust that this healthy trend would be maintained in future.
4	2.5	Finance (Expenditure)	The Committee observe that consequent on departmentalisation of accounts, certain changes were necessitated in the procedure prescribed in paragraphs 65—67 of the General Financial Rules on reconciliation of departmental figures with those booked in the accounts offices. Consequently, revised instructions were issued by the Controller General of Accounts, Ministry of Finance (Department of Expenditure) to all the Ministries and Departments for the reconciliation of expenditure as per the books of the departmental offices with those compiled by the Departmental Pay and Accounts Officers vide Circular No. S.11012|Misc.|78|880 dated 4-5-1978. Under the provisions contained in these instructions, the Heads of the Departments are required to certify the correctness of the figures

			booked in accounts by the Principal Accounts Officers every quarter. With the issue of these instructions, the Ministry of Finance expects that the monthly reconciliation of expenditure between Accounts and Departmental figures would be effective. This, coupled with the departmentalisation of Union Government (Civil) Accounts, according to the Ministry, would result in better control over expenditure *vis-a-vis* the budgetary provision.
5	2.6	Finance (Expenditure)	The Committee would like to watch improvements effected by timely reconciliation of expenditure between Accounts and Departmental figures through future Appropriation Accounts.
6	2.7	Finance (Expenditure)/ Railways	According to the revised time schedule agreed to by the Committee in April 1974 explanatory notes on Excesses Over Voted Grants and Charged Appropriations are required to be submitted to the Committee by 31 May or immediately after the presentation of the Appropriation Accounts to Parliament, whichever is later. It is observed that while the explanatory notes relating to 9 Voted Grants and 2 Charged Appropriations operated by various Ministries (other than the Ministry of Railways), were received within the period prescribed in the revised time schedule *i.e.* by 31st May, 1979, the Explanatory notes relating to 6 Voted Grants administered by the Ministry of Railways were received on 9th August, 1979. The Committee trust that every endeavour would be made by all concerned to ensure scrupulous adherence to the schedule prescribed in this regard.
7	2.11	Agriculture	The Committee note that an excess of Rs. 9.43 lakhs occurred under the Sub-head "A-1(3)—Administration" under Major Head

1	2	3	4
			"305" of Grant No. 9—Payments to Indian Council of Agricultural Research on account of over-payment of grants to this autonomous organisation. It is stated that while releasing the final instalment of the Grants for the year 1977-78 to Indian Council of Agricultural Research on 29-3-1978, the authorisation of Rs. 9,42,850 already made by the Department of Agricultural Research and Education on 7-10-1977 through the Indian High Commission in U.K. for payment of contribution of I.C.A.R. to the Commonwealth Agricultural Bureau was inadvertently left out and not adjusted. This amount paid in excess to the I.C.A.R. has since been recovered from the I.C.A.R. by short payment of the grant payable to it in the year 1978-79.
			The Committee are of the view that double adjustment of expenditure is a serious error in the proper upkeep and maintenance of books of accounts and could have been detected if adequate attention had been paid to prompt reconciliation of accounts. They would like to be informed as to why is responsible for this mistake and why it could not be detected at any of the supervisory levels. The specific steps taken to avoid recurrence of such errors may also be indicated.
8	2.16	Commerce	The Committee have considered the explanation offered by the Department of Commerce for the excess expenditure of Rs. 3285.08

lakhs which occurred under Grant No. 16—Foreign Trade and Export Production. It is significant that but for savings under various heads in the Capital Section of the Grant, the real excess would have been as high as Rs. 9661.23 lakhs. While appreciating that the drawals of technical credits by U.S.S.R. (in respect of which no ceiling existed) during the last four weeks of the year 1977-78 amounted to Rs. 31.20 crores, the Committee feel that there is a lacunae in the existing financing and banking arrangements under which whenever the Reserve Bank of India finds that there are no balances in the rupee accounts maintained by foreign Governments with it, the payments made on behalf of the foreign Governments by the India banks to the Indian exporters are automatically debited to Government account, without waiting for any release of funds from the Government. The Committee would, therefore, recommend that the Department of Commerce might review the existing procedure in consultation with the Ministry of Finance and the Reserve Bank of India so that advance information of such payments could, if possible, be given to Government for making necessary provision in the supplementary demands for grants.

2.19 Education

The Committee find that the overall excess under Grant No. 28—Department of Education, after setting off savings comes to Rs. 1.43 lakhs. It is seen that but for the savings, the real excess would have been Rs. 1.93 lakhs. The Committee observe that an expenditure of Rs. 32,812 on account of travelling expenses and Rs. 52,781 on office expenses incurred by the Departmentalised Accounting Organisation was inadvertently not taken into account while reviewing

2	3	4
		the Grant. Again, there was an inadvertant omission to make provisions for debits received from Controller of Accounts, Ministry of External Affairs on account of Travelling Expenses of foreign trips of official delegations/deputations to the extent of Rs. 35,074 and debits to the extent of Rs. 75,257 on purchase of stores etc., received from time to time through the Department of Supply and the Railway authorities. The Committee would like to be informed as to why the omission regarding expenditure on account of travelling and office expenses could not be detected in time during the course of the year at the time of reconciliation of accounts. Also, why the committed liability on account of travelling expenses of foreign trips of official delegations/deputations could not be provided for. The Committee would also like to be informed of the steps taken to prevent recurrence of such lapses resulting in excess expenditure.
10	2.22 External Affairs	The Committee note that bulk of the gross excess of Rs. 302.36 lakhs under head "C.7-Other Expenditure—C.7(3)—Other Schemes" under Grant No. 34 is attributable to visit of more delegations to U.N.O. than anticipated and fluctuation in the rates of exchange for which, according to the Ministry, the extent of additional requirement could not be fully determined. After taking into account the saving under other heads in the Grant, the net excess is Rs. 181.60 lakhs.

			The Committee are of the view that a more precise estimation of additional requirement of funds on visits of more delegations to the United Nations should have been possible at least at the time of framing Revised Estimates. Also, the plea put forward by the Ministry that additional requirement as a result of fluctuations in rates of exchange could not be determined and that the excess came to notice after the close of the financial year, is not wholly convincing in as much as the fluctuations in the rates of exchange were nominal. Since there is necessarily some time-lag between the decision taken to send more delegations and the presentation of last batch of supplementary grants, the Committee express their deep concern for this lapse and desire that the reasons for not making adequate and timely provision should be identified with a view to fixing responsibility as also to take remedial measures to obviate excess expenditure on this account in future.
11	2.25	Health & Family Welfare (Health)	The Committee note that the gross excess under head "A.1 (1)—Department of Health" was mainly due to some delay in computing the leave salary payable in respect of deputations, (Rs. 1.92 lakhs), Office expenses on telephones, telegrams, postage, P.O.L., stationery articles, repairs of typewriters, electrical calculators etc. consequent on introduction of Rural Health Scheme from 2 October 1977 (Rs. 2.45 lakhs) and travel expenses as also settlement of Indian Airlines bills (Rs. 4.64 lakh). Even though the trends of excess expenditure were noticed in February, 1978 a proposal for supplementary Grant was not processed by the Ministry in the hope that

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			savings to the required extent from other sub-heads would be available. This expectation, however, did not materialise. The Committee are firmly of the view that the excess expenditure under this head could have been obviated by making adequate provision to meet the anticipated liabilities in the Supplementary demands for grants presented in March, 1978 or, in any case, by regulating disbursements towards the end of the financial year. The Committee would like to impress upon the Ministry the need to exercise greater care in ensuring that the expenditure is kept within the amount sanctioned in the grant. The Committee also trust that sounder budgetary control than what exists at present will be exercised by the Ministry in future to avoid recurrence of excesses of this nature.
12	2.28	Home Affairs	The Committee note that an excess expenditure of Rs. 6.92 lakhs had been incurred in the Voted portion of the Capital section of Grant No. 54—Police—relating to the Ministry of Home Affairs. An excess has occurred under the Capital Section of this Grant for the second year in succession. Against the final Grant of Rs. 39.38 crores in the Appropriation Accounts for the year 1976-77, the excess expenditure incurred was Rs. 1.93 lakhs. According to the Ministry, the excess expenditure was on account of high cost of

			materials and labour for which the bills from CPWD were received for adjustment at the fag end of the year. The Committee are unable to appreciate why the increase in cost of materials and labour could not be anticipated in close coordination with the CPWD authorities and why the expenditure could not be regulated within the sanctioned provision. The Committee would like the Ministry of Home Affairs to ensure that such avoidable excesses do not recur in future.
13	31	Science & Technology	The Committee find that the excess expenditure of Rs. 36.81 lakhs under the head 'A—Scientific Survey and Research—Survey of India—A-3—Development Project Surveys' of Grant No. 78 was on account of arrears of salaries due to re-fixation of pay of Grade II (Now Group 'C') staff under the Central Civil Services (Revised Pay) Rules, 1973, as also payment of certain debits for freight charges etc. on photogrammetic machines received from the Pay and Accounts Officer, Department of Supply during the last days of March, 1978. The net excess is of the order of Rs. 5.10 lakhs. The Committee are of the view that this excess expenditure could have been obviated by keeping a close watch over the flow of expenditure towards the end of the year.
14	2.38	Works & Housing	The excess under Grant No. 95—Public Works has been to the tune of Rs. 449.10 lakhs. But for saving under other sub-heads the excess expenditure would have been much more *viz.*, Rs. 607.11 lakhs. The gross excess of Rs. 607.11 lakhs comprised Rs. 236.34 lakhs under Suspense head "Purchases" and Rs. 370.77 lakhs under the

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			Suspense "Stock". The excess under "Purchases" has been stated to be due to adjustment of book debits of Rs. 236.34 lakhs in respect of transactions pertaining to pre-departmentalised period, the delay in adjustment being due to time-lag in the verification of claims in the Divisional Offices. The Committee are not able to appreciate as to why budgetary provision could not be made for the debits which had been received and were under verification in the Divisional Offices. In regard to the excess of Rs. 370.76 lakhs under "Stock", it has been attributed to procurement of more quantities of steel and cement and the fact that under the existing accounting procedure the transactions of stock get reflected a number of times in accounts leading to overall excesses. In this connection, the Committee would like to know the extent to which the excess was due to each of the factors, particularly, the latter one.
15	2.39	Works & Housing	The Committee find that since 1956, budgetary provision under 'Suspense' head is made for gross amount instead of net amount. This procedure entails multiple budgetary provisions under 'Stock and Purchases' depending upon the number of intermediary stages through which the materials have passed from the time of purchase till their ultimate utilisation. The Committee, in paragraph 2.25 of their 134th Report (Fifth Lok Sabha) had *inter alia* desired that the Ministry should examine whether there were any inherent defects in

			the system in vogue and then devise suitable remedial measures. The Committee have been informed that the existing arrangements of budgeting have since been examined by a Study Team consisting of a Superintending Engineer from the C.P.W.D. and Controller of Accounts from the Departmentalised Accounts Wing of the Ministry, which was set up in November, 1978 in pursuance of the Committee's recommendations contained in 104th Report (Sixth Lok Sabha) and that the suggestions made by the Study Team are being processed further. The Committee understand from the the Explanatory Note submitted in respect of similar excess under the head 'Public Works' in 1978-79 that in pursuance of the report of the Study Team, an Empowered Committee was appointed on 16 July, 1979. This Committee had since submitted its Report and a proposal had been submitted to the Comptroller and Auditor General of India through the Ministry of Finance for adoption of revised accounting procedure. The Committee desire that finality should be reached soon in this important procedural matter so that excesses persisting over a number of years under the Grant 'Public Works' may not occur in future.
16	2·45	Railways	The Committee find that an excess of Rs. 4.30 crores occurred under Grant No. 16—Pensionary Charges—Pension Fund. It Works out to 9.28 per cent over the final grant of Rs. 46.33 crores. The excess is mainly attributed to receipt of unexpected more pensionary debits from civil accounts offices (Rs. 4.03 crores) and settlement of more cases of death-cum-retirement gratuity (Rs. 0.51 crore). The Committee would like to point out that there was usually no element of

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			uncertainty or unforeseeability in the expenditure on Pensionary Charges and therefore, there should have been no excess on this account. The Committee desire that a procedure should be evolved for making budgetary provision on a more rational basis.
17	2.46	Railways	The Committee find that an excess of Rs. 36.49 crores has occurred under Grant No. 19—Revenue Appropriation to Revenue Reserve Fund. This grant has been exceeded for the second year in succession. The excess, according to the Ministry of Railways, occurred due to appropriation of more surplus to this Grant. The excess of Rs. 36.49 crores over the final Grant of Rs. 55.13 crores which works out to 66.18 per cent, was mainly due to saving of Rs. 44.37 crores in Revenue Expenditure and less Revenue Receipts (Rs. 7.97 crores) as compared to the Revised Estimates. It appears that the General Managers of the Zonal Railways concerned have not followed the Instructions contained in Chapter VIII (of paras 843 and 849 to 851) of the Indian Railway General Code, Volume I, which lay down norms and procedure for carrying out continuous and concurrent review of the revenue and expenditure *vis-a-vis* the budget. The Committee would urge the Ministry of Railways to evolve a fool-proof arrangement by which a concurrent review of the revenu as also expenditure *vis-a-vis* the pro-

			visions including anticipation of surpluses is made. They would like to have a specific report in regard to implementation of the recommendation of the Committee.
18	2.47	Finance (Expenditure)	Subject to the observations contained in the preceding paragraphs of the Report, the Committee recommend that the excess expenditure referred to in paragraph 2.1 of this Report be regularised in the manner prescribed in Article 115(1) (b) of the Constitution of India.
19	3.4	Finance (Expenditure)/ Railways/Defence	The Committee have been commenting upon avoidable delays in the receipt of Action Taken Notes, as also stressing that the Notes should invariably be furnished to them within the stipulated time-limit of six months. Despite the fact that in February, 1979 the Ministry of Finance had brought the observations contained in Paragraph 3.4 of their 87th Report (Sixth Lok Sabha) to the notice of all Ministries and/or Departments, delay continues to occur. Out of 22 Action Taken Notes in respect of recommendations contained in the 87th Report, 8 notes were received after the due date *i.e.* 27 February, 1979. Out of these 8 notes, 3 pertained to the Ministry of Railways and 5 to the Ministry of Defence. The Committee desire that in future the Ministries should invariably ensure submission of Action Taken Notes within the stipulated time-limit of six months.
20	4.7	Finance (Expenditure)/ Chemicals & Fertilizers/ Shipping & Transport/ Works & Housing/Energy (Coal)	As will be seen from above, the Committee had, in paragraph 3.7 of their 104th Report (Sixth Lok Sabha), drawn attention to the persistent delay that had been noticed in the submission of Action Taken Notes on their recommendations and observations. They had sought to be reassured that the recommendations of the Com-

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		mittee received prompt attention and the time schedule prescribed for furnishing Action Taken Notes was scrupulously followed in future. It is seen that, as in the past, the Ministry of Finance have circulated the recommendations of the Committee to all Ministries and Departments of the Government of India on 31 March 1979. The Committee have also been informed that reminder would be issued by the Monitoring Cell in the Ministry of Finance more systematically to the Ministries and Departments for furnishing the final action taken notes within the stipulated time limit of six months. Yet, the position regarding submission of action taken notes in time, by some Ministries is far from satisfactory. Out of 38 Action Taken Notes, 16 notes were received by the due date *i.e.*, 19 June, 1979. Out of the remaining 22 notes, 6 notes relating to the Ministries of Chemicals and Fertilizers, Shipping and Transport and Works and Housing were received with a delay of over two to seven months, and 15 notes from various Ministries were received after the due date with a delay ranging upto two months. The remaining 1 note due from the Ministry of Energy (Department of Coal) has not been received till the date of finalisation of this Report. The Committee take a serious view of such recurrent delays in the submission of Action Taken Notes within the stipulated time-limit and would like the Ministries concerned to adhere to the schedule prescribed in this behalf. The Committee ex-

press their strong displeasure that the Ministry of Energy (Department of Coal) has failed to submit its action taken note till the date of finalisation of this Report and would like the Secretary of Ministry of Energy to furnish an explanation for this kind of inordinate delay.

21 4.12 Shipping & Transport (Roads Wing) Finance (Expenditure)

The Committee were informed that with a view to avoiding excesses over sanctioned grants, action was in hand to evolve a revised procedure for payment to States of expenditure on the development and maintenance of National Highways under which the expenditure was intended to be routed through the Consolidated Funds of the State Government concerned. In this connection, a Task Force was constituted in December, 1972 to investigate the causes for persistent excesses and to suggest remedial measures. The Report of the Task Force was considered by Government in April, 1977. As there had developed certain doubts with regard to the modality of the procedure regarding payments for National Highways, it was decided to obtain the views of the Attorney General of India. A draft 'Statement of the case' was accordingly prepared for obtaining the views of the Attorney General of India. Inspite of the fact that the Committee had, in their 104th Report (1978-79) expressed their distress over delay by Government in taking action on the suggestions of the Task Force, no tangible progress has been made in the matter.

The Committee have now been informed by the Ministry of Shipping and Transport on 4 September, 1980 that after the draft

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			'Statement of the case' had been seen by the Ministry of Law, copies thereof were forwarded to that Ministry on 7 June, 1980 for processing it further. The 'Statement of the case' had still to be submitted to the Attorney General of India. The Committee regret to point out that although more than 7 years have elapsed since the Task Force was constituted, the finalisation of the case is no where in sight. The Committee consider this delay as a typical example of bureaucratic functioning and would like to have at the earliest the reasons why on such an important issue, so much delay has taken place.
22	4.15	Works & Housing Finance (Expenditure)	The Committee find that the study of the Accounting and Budgeting of the Stores requirements of the C.P.W.D. *vis-a-vis* the centralised pattern followed by the Railways, has since been completed by the Ministry of Works and Housing and that the results of the Study are being examined. The study has revealed that the system of net budgeting can be adopted in the C.P.W.D. and this would result in seeking Parliament's vote on this account for a more realistic figure in keeping with the actual requirements. The Committee have been informed that decisions will be taken in the matter by Government shortly. The Committee would like the Government to take early decision in the matter of introduction of the system of 'Net budgeting' in the C.P.W.D.

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